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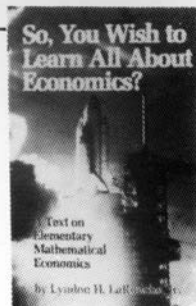
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From the Editor

The disgrace of U.S. foreign policy is a theme common to many of our stories this week, starting with the report highlighted on the cover. Moscow councilman Viktor Kuzin is telling Americans of the massacre worse than Tiananmen Square which occurred in Moscow on Oct. 3-4, which the media and the foreign policy establishment are shamelessly lying about.

The *Feature* exposes another crucial truth which has been hidden from public view: the origins of the neo-Nazi upsurge in Germany in Anglo-American intelligence operations. *Science & Technology* blasts plans to “hold the U.S. manned space program hostage to the political stability of Russia and other republics, Russian political intentions, a collapsing Russian economy, and the geopolitical goals of the U.S. administration.”

International presents massive new evidence of U.S. official backing for bringing a bunch of communist terrorists to power all over Ibero-America.

Kuzin drew attention in Washington to one irony: “I always had the sense that Americans paid pretty close attention to money, and how the money they gave to anybody would be used, but I’ve seen practically no monitoring of how funds are being used that have been sent into Russia as humanitarian financial aid,” he observed.

“It should be understood, first and foremost, that aid extended to the Yeltsin regime is not earmarked for concrete purposes, and so there’s not any accounting of how these means are used. And so it just goes in general to strengthen the groups that are in power, contrary to the interests of the democratic development of Russia.

“I’m not so sure that Russia needs western help on such a large scale. Fundamentally, Russia is a wealthy country and could solve the majority of the problems of the transitional period with its own means. And therefore, the means given to Russia that are conditioned on certain actions by Russia, are perceived as an attempt to destabilize Russia, and to derive a certain gain from the difficulties we are experiencing.

“The financial liberalization measures led to virtually the complete collapse of the Russian economy. . . . This earns no prestige for the United States in the eyes of a growing part of the Russian population. And it also discredits the ideals of democracy, as such, with which the United States is so closely associated.”

Nora Hamerman

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The observer for the Holy See at the Council on Europe's Committee on Bioethics in Strasbourg, France talks about the need for an international treaty on bioethics.

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The head of the Israeli Mission to the United Nations, Mr. Ya'acobi was minister of economic planning in the Shimon Peres government (1984-86). He is a leader of the Israeli Labor Party, and an economist known for his support for large economic projects as key to a successful peace agreement in the Mideast.

Corrections: In the Oct. 15 issue, several transcription and editing errors were made in the article on p. 44, adapted from an oral briefing by Muriel Mirak-Weissbach. Among them: Under the subtitle "The Peres approach," the first sentence as edited could be read to imply that Gad Ya'acobi was the author of the cited article in the Italian magazine *Acque & Terre*. It was Shimon Peres; see p. 15 of this issue for Peres's full text. Under the subtitle "LaRouche's approach" (p. 46), the first sentence should have stated that LaRouche stressed the primacy of *science*, rather than "flank" as printed.

In our Oct. 22 issue ("World Bank, U.S. Donors Conference Jeopardize Mideast Peace Accord," p. 9), the Harvard professor is incorrectly identified. He is Roger Owen. In the "LaRouche electoral movement" map for 1990 on p. 35, the Nancy Spannaus campaign in Virginia that year was for U.S. Senate, not for governor.

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Tax and dry out the derivatives market

by Chris White and Richard Freeman

The following is an abstract of testimony presented by EIR to House Banking Committee hearings on derivatives on Oct. 28.

On March 9 of this year, *EIR* and its founding editor Lyndon LaRouche proposed that a transaction tax be imposed on the sale of all financial instruments classified as "derivatives." The tax would be levied at a rate of 0.1% on the notional value of the transaction. Collection, and reporting, would be the responsibility of the institution performing the sale.

The purpose of the proposed tax is twofold. Firstly, to reestablish control over the explosive, eightfold growth in these financial instruments which has been registered in the years since 1987, the year of the futures and options index-driven stock market crash.

"Control" is itself a twofold proposition. First in priority is the necessity to reestablish political accountability over the workings of the private institutions which comprise the so-called marketplace, institutions which have used the slogans of "deregulation" and "freedom of the market" to leave a trail of wreckage around the globe. Second, is the common sense requirement to restore some sense of order to financial markets which not only feed on volatility, but promote such volatility as in their own interest, as was underlined recently by an official from Chase Manhattan Bank.

In its second aspect, the proposed tax would be a short-term revenue generator for the treasury. It would collect approximately \$75-100 billion the first year, and lesser amounts in subsequent years. But the primary purpose of the proposed tax would be to take a surgeon's knife to a cancer which is sucking out the life-blood of the economy, and cut it out.

This ought to be done, before it is too late. The reasons

for such required action are economic as well as political. There will be no possibility of any real economic recovery as long as the kind of obscene, speculative, and usurious excesses typified by the derivatives racket are allowed to continue.

Since the "financial community" has shown itself incapable of reforming itself, and equally incapable of understanding what might be the problems associated with the extension of the kind of practices associated with derivative instruments, it is evident that such a reform can only come from outside the financial community.

Derivatives are unconstitutional

Under Article 1 Section 8 of the U.S. Constitution, in particular the General Welfare provision thereof, and the Article's concluding injunction, "To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers," Congress has the power to impose such a tax as LaRouche has proposed.

The proof that the financial community lacks the comprehension required is elementary. No discussion of derivatives, among regulatory agencies or financial institutions, considers the economic impact of what has been done. The arguments and counter-arguments are always restricted to the financial domain as such.

On the one side, there are those who extol the benefits of "new, sophisticated methods of hedging risk," those who stigmatize critics as "naive" and "unsophisticated." On the other side, there are those who wonder if something has not been unleashed which might easily get out of control, with disastrous results. Ought we not, they ask, consider how to regulate these new practices, to make sure they do not get out of control?

Both are disastrously wrong. It is not the risks and dangers that you know to be risks and dangers which prove to be fatal. They, after all, can be avoided. It is the risks and dangers which you do not know. How can institutions hedge against a risk they do not take into account, and cannot take into account because they don't admit it exists?

From this standpoint, the whole discussion promoted by the financial lobby is at best incompetent, and at worst an outright fraud. A witch doctor can indeed claim to know how to cure AIDS; that does not mean everybody should take his claims at face value. Indeed to do so would properly be called insane. Derivative instruments are not a disaster waiting to happen, they are the latest symptom of a disaster which was set in train a generation or so ago.

The incompetence, call it that, can be shown in two ways. First, take the case of agricultural commodities. It is well known that the world suffers a cruel shortage of basic foodstuffs. In fact, the Food and Agricultural Organization of the United Nations, and other agencies, show that some two-thirds of the world's population are at, or below, subsistence levels where basic nutrition is concerned.

This is demand for food. Not though, where the markets are concerned. The so-called markets are not interested in demand, but in what they call "effective demand." If you haven't got the money, you can't pay for it, so it doesn't count. So the prospect of a 25% reduction in corn supply, because of this year's flood, which translates into a 12% reduction or so, worldwide, does not immediately translate into price increases.

But, from some proponents of the North American Free Trade Agreement, we learn that Mexico does not need so many farmers or *campesinos*, because Mexico should not be producing staple foods, such as corn or wheat. Mexico should purchase such foodstuffs from the United States.

Those farmers and *campesinos* are being dispossessed. Their lands taken over, ascribed an asset value, to become the asset underlying a derivatives market in secondary mortgages, now being set up by the Mexican Finance Ministry, with help from the Farmers Home Administration (FmHA), the Department of Housing and Urban Development (HUD), and the Savings League.

Insured and securitized mortgages are supposed to be safe, are they not? The risk is taken out. The instrument can be hedged against a variety of other instruments, to cover for currency exposure, interest rate risk, and so on. And, what of the country that is to be reduced below penury in that way? Are we to say that the political instability and chaos which follow the enforcement of such policies are beneficial because we desire such an increase in volatility?

The World Bank recommends the same approach be adopted by Palestinians. Shock therapy advocates promote the same proposal as the solution to Russia's agricultural backwardness. Don't produce staples. Buy them from us, and instead, produce specialty goods, like asparagus, bell

peppers, and tomatoes for export to our markets.

What hedge can offset what is thus set in motion? If Sodom had its salt-sellers, we have our derivative dealers.

This type of approach is derided by the proponents of the primacy of the market as pure sentimentality, as the illegitimate insertion of considerations of morality into the workings of the market. Leave the market to its own devices, and these matters to their proper sphere, they insist. This attitude is moral insanity in the process of becoming outright criminality, on a scale never before witnessed in human history.

Why so? Because there is a difference between wealth creation and money profits. If you do not permit wealth production to occur, the so-called money profits which are booked from commercial and financial transactions, and hedged against, as to interest rate and currency risk, do not actually exist, except in the form of loot gouged out of a shrinking capacity to produce physical wealth. That is what the financial community doesn't understand, and cannot therefore hedge against.

It is why the derivatives bubble will go the way of the real estate investment trusts, the oil patch speculation of the 1970s, and of the Third World debt, real estate crisis, leveraged buy-outs, and S&L disasters of the 1980s. This succession is not accidental. It is not something that can be prevented by uttering the magical phrases we have come to expect such as "you don't understand, we have learnt the lessons from those unfortunate events, we are now much better equipped to deal with such things than we ever were before. Now we have derivatives, they enable us to handle such risks, by hedging against their occurrence."

The production of wealth

Wealth production is not the same as the accountant's creation of money income and money profit.

Wealth production is human activity; no other species on this planet, or anywhere else that we know of, is capable of doing it. Man reproduces his own society by applying scientific advances to increasing the productive powers of labor, through technology. Increased productive powers of labor permit greater numbers of people to exist at improved standards of living. It is an older method than the written prescription of the Book of Genesis, "Go forth and multiply, replenish the earth and subdue it." It is as recent as the Constitution's Preamble, "to form a more perfect union, establish justice, ensure domestic tranquillity, provide for the common defense, promote the general welfare, and provide the blessings of liberty to ourselves and our posterity."

It is the measure of the viability of any form of human society. And, conversely, any society which turns its back on the yardsticks provided by that measure will go the way of the Sodoms and the Gomorrah, the Babylons and the Romes. There are no hedges against the working of the Creator's law, no put options or short sales which will forestall His reckoning.

Federal Reserve 'dollarization' scheme will ruin Ibero-America's economy

by Cynthia R. Rush

If Wall Street has its way, the U.S. dollar will soon become the instrument by which nations' sovereign control over their domestic financial systems, the formulation of monetary policy, and most importantly, credit generation, are thrown out the window—both in the United States and Ibero-America—to be replaced by a supranational bankers' dictatorship. This process is now well advanced in several Ibero-American countries, as national currencies are turned into worthless scrip, and the productive sectors of the economy are looted.

Included in the North American Free Trade Agreement (NAFTA) are secret financial protocols intended, among other things, to incorporate Ibero-America's central banks into the U.S. Federal Reserve System, effectively creating a hemispheric system dominated by a global, *internationalized* dollar (see *EIR*, Oct. 8, 1993).

The International Monetary Fund (IMF) officials who back this plan say the idea is to set up special swap arrangements with these central banks—one already exists with Mexico's central bank. In violation of the U.S. Constitution, the Fed will act as a lender of last resort, generating through its discount window dollar-denominated credit outside the United States. Through the major New York commercial banks, whose operations in Ibero-America have been facilitated by financial deregulation in those countries, this illegal dollar credit generation will be multiplied many times over and feed into the speculative bubbles, including the derivatives market, which are expanding throughout the continent as the physical economy disintegrates.

The replacement of national currencies by the U.S. dollar, began in the mid-1970s, and has been a crucial preparatory phase for this global scheme. The classic case is Panama, whose financial system was incorporated into the Federal Reserve system in 1903, *militarily*, in order to protect U.S. geopolitical and banking interests. Its currency, the balboa, is the U.S. dollar.

Then in Uruguay, between 1974 and 1976, a currency reform was carried out which dollarized the economy such that today, the ratio of dollar to peso assets within the financial system is 12 to 1. The 1985 "stabilization" program implemented in Bolivia under the direction of Harvard Uni-

versity's shock therapist Jeffrey Sachs and then-Finance Minister and now President Gonzalo Sánchez de Lozada, also rapidly dollarized that economy. Today, 80% of its bank deposits are in dollars. Since the possession and circulation of dollars was legalized in Cuba in August of this year, authorities there say they fear this will lead to the disappearance of Cuban peso. It is estimated that 10% of all transactions for goods and services are now being conducted in dollars.

The Argentine model

Most recently, the international bankers have lavished praise on Argentina's "convertibility plan," carried out under the direction of Harvard-trained Finance Minister Domingo Cavallo with the approval of President Carlos Menem. Cavallo got a later start than neighbors Bolivia and Uruguay, but since obtaining congressional approval in March 1991 of legislation to peg the Argentine currency to the dollar, he has locked the domestic financial system into the international dollar banking system.

The reform has left Argentina's physical economy in shambles. But that doesn't bother these international bankers. What they like is that Cavallo's reform has made the country a focal point for speculative stock market and derivatives-related "investments" encouraged by the fixed parity which offers little risk to foreigners. In a way similar to, but also more intense than in the 1970s, Argentina has become a lucrative playground for the financial usurers who will take their money and run at the first sign of trouble. While the peso is still used for paying wages and taxes, it is generally referred to as a "sick man." Dollar deposits in the banking system amounted to \$14.5 billion in August of this year, as opposed to 11.5 billion in peso deposits.

The original March, 1991 legislation established a fixed parity of one dollar to 10,000 australs, the name of the domestic currency at that time. The legislation prohibited the central bank from issuing new money unless it was backed by gold or dollar reserves. In other words, credit generation inside Argentina was taken out of that country's sovereign control, and handed over to the U.S. Federal Reserve. Subsequently,

Cavallo removed four zeros from the austral and resuscitated it as the peso, establishing a one-to-one parity with the dollar. That was accompanied by an aggressive tax collection policy and plan to privatize state sector companies at lightning speed.

In the fall of 1992, Cavallo took additional steps to consolidate the convertibility plan. In September, legislation was passed making the Central Bank of the Argentine Republic (BCRA) completely autonomous of Executive branch control, defining its fundamental mission as “preserving the value of the currency.” The BCRA president was granted enormous power, to the point that the Sept. 26, 1992 daily *Clarín* commented that “the bank’s president could reduce the importance of the finance minister in defining economic policy over the next few years. . . . Managing the money supply will be the primary function of this new central bank, independent of what the finance minister orders.”

In November 1992, the central bank’s steps to expand dollarization were dramatic enough to cause the financial daily *Ambito Financiero* to ask on Nov. 17, “Will the peso-balboa be born?” New reforms included allowing banks to hold reserve ratios in either pesos or dollars, and legalizing dollar checking accounts. The Nov. 18, 1992 *Clarín* explained that the measures translated into a “greater, explicit dollarization of the economy.” Banks would be discouraged from holding peso accounts, and the dollar would circulate more freely in the economy. If the public decided to increase holdings in dollars, banks would have no reason to pay higher interest rates on peso accounts which, Cavallo reasoned, were one of the causes for recession. Banks could also back up their peso loans in dollars, and if there were a lack of liquidity, they could remedy this by borrowing in local or foreign markets.

Put simply, these measures meant that the state would no longer make monetary policy, or, as *Clarín* put it, both the quantity of money in circulation and interest rates “would depend fundamentally on international fluctuations and the policies adopted *outside the country*” (emphasis added). In his 1992 book *País Archipiélago*, Daniel Muchnik, *Clarín*’s chief economist, emphasized that the measures really reduced the BCRA’s role to a merely technical one of monitoring dollarized commercial or credit transactions carried out with foreign financial entities. “The dollarization mutilated the BCRA, [preventing] it from making any credit or monetary policy. . . . In the long term this implies a loss of economic and monetary sovereignty.”

A colonial policy

Even though international bankers see Cavallo’s reforms as a success story, some say they don’t go far enough because they don’t guarantee that the BCRA won’t buck these policies sometime in the future. They propose the creation of a currency board, a mechanism long associated with the policies of the British Empire which still exists today in Hong Kong,

Singapore, and Brunei. As American economist Steve Hanke argued in a *Wall Street Journal* article in October 1991, the beauty of a currency board is that it makes “monetary populism” impossible. It issues notes and coins which are convertible into a foreign reserve currency at a fixed rate on demand. Its reserves are equal to 100% of its notes and coins in circulation. The board “has no discretionary policy.”

Bankers are drooling at the thought of officially forcing Brazil into the dollarization fold. When Finance Minister Fernando Henrique Cardoso returned from this year’s annual IMF-World Bank meeting, he was carrying with him a Fund proposal to set up a currency board which would issue a second, dollar-linked currency to function alongside the existing cruzeiro. The Fund officials argue that this is the only way to combat Brazil’s 40% monthly inflation rate, and to ensure the necessary austerity policies.

But according to economist Paulo Nogueira Batista Junior, in an interview published in the Sept. 8 *O Estado de São Paulo*, the only thing that dollarization would achieve in Brazil would be to “tie us . . . to the decisions of the U.S. Federal Reserve and Treasury, regardless of the interests of our economy.” Moreover, he added, a currency board “is typical of the British colonies prior to World War II. . . . I’m astounded that an entity such as the World Bank recommends that Brazil resolve its inflationary crisis by regressing to the monetary regimes of the British colonies.” Nogueira indicated that such a policy would undoubtedly increase dollar inflation—as has occurred in Argentina—and risk a balance of payments crisis as well as a loss of competitiveness in Brazilian exports. “Dollarization could be a dead-end street, even if we succeed in reducing cruzeiro inflation,” he warned.

“Neo-liberal ideology has taken on the air of insanity,” is how economist Maria da Conceição Tavares characterized the IMF-World Bank proposal. Not unimportant is the fact that she made these remarks at a seminar at the Superior War College (ESG), some of whose documents in the past have put forward a perspective for Brazil’s rapid industrialization, based on rejecting IMF policy. The Anglo-American banking community is extremely nervous about how Brazil’s Armed Forces might react in the current, crisis situation. Tavares’s comments undoubtedly reflect the sentiments of nationalist military elements.

In the Oct. 7 seminar, she pointedly referred to the plan as “the Hong Kong and Estonia model; it is the end of any national development project. Getting rid of the public deficit isn’t good enough. Now the Washington theorists say we have to have a permanent surplus and eliminate the internal debt, something which not even the U.S. has done.” Aside from the risk of producing a big trade deficit, which has also happened in Argentina, Tavares warned that the real purpose of the IMF plan “is to sell off state companies at banana republic prices.” It is worth remembering, she said, that even U.S. government officials admitted that IMF shock policies were partly responsible for Russia’s recent upheaval.

Can a bioethics treaty define a moral foundation for research?

The first international treaty on bioethics is being prepared by the Steering Committee on Bioethics of the Council of Europe in Strasbourg, France. The intention is to harmonize medical practice and biological research throughout the member countries of the Council of Europe, now numbering 31, and even more widely if other countries choose to adopt the convention being prepared. Since 1978, several significant resolutions and recommendations have been made by the Council of Europe on subjects including transplantation of human substances, genetic engineering, the use of human embryos and fetuses for scientific, therapeutic, and commercial purposes, as well as reports on human artificial procreation and on genetic testing and screening for health-care purposes. Profound moral issues are raised by the possibilities now offered in these fields.

Father Dooley is the observer for the Holy See at the Committee on Bioethics in Strasbourg. Catherine Brannan of the Schiller Institute interviewed him on Sept. 7.

Q: Father Dooley, why this worry about bioethics? Can't we trust the scientists to get on with it and use their skills to achieve what is best for us?

Dooley: The reason for the demand for a Bioethics Convention is public unease, even fear, that some unprincipled scientists may go beyond the acceptable. Which poses the question: What are the principles which are acceptable and beyond which the scientist must not go?

Every advance in science poses new questions on these limits. The increasing power of the scientist to tamper with and even control the genesis of human life gives rise to the very fundamental questions with which bioethics deals.

Q: Recently in the London *Times* I read an article suggesting that apes should have rights on a par with human rights, and almost simultaneously an article suggesting that sick children in famine-stricken Africa should be allowed to die, the idea being that there is no great advantage in applying advanced medicine to cure them of illnesses when they were going to

die of starvation anyway!

Dooley: Yes, that is a good example of a utilitarian approach (how much does it cost?) versus a principled approach (human life is invaluable so we must try to save it). But this divergence between the merely utilitarian and the moral or principled approach extends much wider than simply questions of cost. Your reference to the rights of apes reminds me of an extreme example. Would it be all right, if we could do it, to cross-breed humans and apes? Maybe we could breed a sub-human species who would relieve us of various forms of drudgery and who could be disposed of when they ceased to serve our purpose?

The first instinctive reaction of most people to such a suggestion is horror. This instinctive reaction is based on the principle that human life is sacred in a way that animal life is not. But a utilitarian approach could overcome this instinctive reaction by considering the considerable advantages of the proposal.

This is not as far-fetched as it might seem, as the question of cross-breeding humans and animals has already come up in bioethical discussions within the Council of Europe. When the question of trans-species fertilization, i.e., the mixing of human and animal sperm and ova, was raised, the initial reaction was to exclaim, "No, we should never do that!" but it was soon pointed out that this practice already existed in the "hamster fertility test," where human sperm are added to hamster ova to test the fertility of the sperm.

The utilitarian approach would say: We're already doing this and we're going to continue doing it, and we must therefore find (or bend) a principle to justify our doing it. Whereas a more moral or principled approach would say that on principle we should not cross-breed humans and animals and therefore we must ban it totally with no exceptions. You will find the permissive approach, allowing the hamster fertility test, in Recommendation 1046 (1986) of the Parliamentary Assembly of the Council of Europe and also in the 1989 Report on Human Artificial Procreation produced by the Council of Europe Committee on Bioethics (then called CAHBI). The

latter would impose a strict condition that the development of the resulting hybrid must end at the two-cell stage.

Essentially this is saying that we are doing this test, and we will not stop doing it, but it is all right because the subsequent hybrid dies off very rapidly anyway. If you ask what would happen if you were to cross-breed a human, not with a laboratory rat but with one of the higher primates, an orangutan or a chimpanzee, where the hybrid might live much longer, you get the very chilling answer from a utilitarian that "we don't know, and we won't know until we try it!" So maybe we should welcome the movement to establish a charter of rights for apes!

In many countries today there is much more concern for animal rights than for human rights of certain categories of people, especially babies in the womb.

The article in the *Times*, "Should Children Be Allowed to Die?" would seem to be another example of utilitarianism: "Why bother wasting money to cure children in famine-stricken Africa? Since the famine exists, let's just adapt to it." Maybe we could call this the new one-world utilitarian economics.

Well, in fact, this has been going on for a long, long time, this idea that you should subordinate human rights to economic matters. I remember a fine example of this in a report of a Joint Economic Committee of the United States Congress in 1976 which gave serious consideration to a suggestion that people should need a license in order to have children (see box). Because children could be so expensive for the state, it was proposed that the existing population was sufficient and so fertility should be controlled to maintain zero population growth (ZPG).

The proposal was quite ingenious. Because about 10% of couples are naturally infertile, it transpires that the optimum number of children to maintain ZPG is 2.2 children per family. Now because it is rather difficult, even with modern technology, to have 0.2 of a child, it was planned to give each woman 2.2 licenses or licenses for 22 "deci-child units." To have a third child, a woman would need to acquire an extra 8 deci-child units, 10 more for a fourth child, and so on. To the objection that this was discrimination in favor of the rich, who could afford to buy in the necessary deci-child units, and against the poor, who might be forced to sell them, the very utilitarian answer was given: "From the point of view of the children, there is something to be said for increasing the probability that they will be born richer rather than poorer." This report aroused such negative reactions that the committee vice-chairman practically disowned it. But remember that there are countries which impose their population policies by law or by force. And the fact that an official government committee would give serious consideration to such a proposal remains a good example of economic utilitarianism being proposed as a reason for overriding normal human rights.

U.S. Congress reviewed plan for 'birth licenses'

The following are excerpts from a Dec. 2, 1976 study prepared for the Joint Economic Committee of the U.S. Congress, titled "U.S. Economic Growth from 1976 to 1986: Prospects, Problems, and Patterns. Vol. 5—The Steady State Economy."

Transferrable Birth Licenses. This idea was first put forward by Kenneth Boulding (1964). Hardly anyone has taken it seriously, as Boulding knew would be the case. Nevertheless it remains the best plan yet offered, if the goal is to attain aggregate stability with a minimum sacrifice of individual freedom and variability. It combines macro stability with micro variability. Since 1964 we have experienced a great increase in public awareness of the population explosion, an energy crisis, and are now experiencing the failures of the great "technical fixes" (Green Revolution, Nuclear Power, and Space). This has led at least one respected demographer to take the plan seriously, and more will probably follow (Heer, 1975).

The plan is simply to issue equally to every person (or perhaps only to every woman, since the female is the limitative factor in reproduction, and since maternity is more demonstrable than paternity) an amount of reproduction licenses that corresponds to replacement fertility. Thus each woman would receive 2.2 licenses. The licenses would be divisible in units of one-tenth, which Boulding playfully calls the "deci-child." Possession of ten deci-child units confers the legal right to one birth. The licenses are freely transferrable by sale or gift. . . .

What to do with law-breaking parents and their illegal children? What do we do with illegal children today? One possibility is to put the children up for adoption and encourage adoption by paying the adopting parents the market value, plus subsidy if need be, for their license, thus retiring a license from circulation to compensate for the child born without a license. . . .

Indeed, certain "high people in high places" seem to have had the idea of creating a master-race based on wealth or merit for quite a long time now. Julian Huxley, founder of the United Nations education organization Unesco, was himself an embryologist and quite in favor of the famous

caste theory developed by his brother Aldous Huxley in *Brave New World*. And H.G. Wells showed in *The First Men on the Moon* how it was possible to develop different parts of the fetus according to the type of job he would be conditioned for. And this was in 1902!

The Greeks had a word for this: *hubris*, man's prideful effort to do things which are proper to the divine. There is a certain amount of that inherent in many of the activities with which bioethics is concerned, and this, of course, is why the Council of Europe has set up a special committee in order to set standards which will encourage the good which biomedicine can do while discouraging or prohibiting the bad.

Take the dangerous area of eugenics, for example, the use of science to weed out weaker strains in order to breed better animals or humans. As you are probably aware, the whole area of human eugenics, the breeding of a "super-race," a *Herrenvolk*, started over a century ago and became very prominent in the early years of the Nazi regime when it was put into practice.

You always find a kind of progression in these movements. First of all you soften up public opinion by discussion and support from prominent people, and next you advocate the introduction of the new ideas on a voluntary basis, e.g., voluntary sterilization and voluntary euthanasia. Then you select particular groups on whom you might like to practice these measures involuntarily, e.g., involuntary sterilization of the mentally unfit to prevent them from breeding. (And remember that this was accepted not only in Nazi Germany, but in many of the progressive states of the world, including many of the United States of America.) So you proceed from voluntary sterilization to involuntary sterilization, voluntary euthanasia to involuntary euthanasia, and finally you describe as "unfit" anyone you do not like, and so you can proceed to the Holocaust, as it happened in Nazi Germany, where the elimination of the unfit was extended not only to the Jews, but to many others who were regarded as socially or politically undesirable.

Q: Are you saying that this long process which led to the Holocaust in Nazi Germany, is happening, once again, at a world level?

Dooley: I would see this as a danger, unless ethical principles are accepted and followed by all scientists. This is the danger of which the Council of Europe is very conscious and that is why in the Committee of Bioethics we are trying to develop certain principles which would prevent excesses like this.

Q: Is the new Bioethics Convention vague or precise?

Dooley: It is intended to have general principles (such as the inherent dignity of the human being) in a Framework Convention, with more precise applications of these principles to particular areas (such as how to protect human dignity in organ transplantation, in medical research, in handling

embryonic life, etc.) in what are called "Protocols" to the Framework Convention.

Some of the work already done in the Council of Europe is quite precise and will be used in framing the Convention. For example, its first intervention on genetic engineering stated the right of every human being to inherit a genetic heritage which had not been tampered with, and would ban any form of genetic engineering which would violate that right. But that was back in the early 1980s and things have advanced scientifically a lot since then, raising new problems and concerns.

One of the major scientific projects in the world at present is the Human Genome Project, whose purpose is to identify the exact sequence of elements in the human genome, with the idea of identifying which particular sections of DNA control which particular human characteristic. If we can identify these sequences, maybe we could modify those leading to undesired characteristics.

Therapeutic use of genetic engineering is well accepted. It is done all the time with plants and animals. You try to engineer a better rice, a better breed of animal, or whatever. Theoretically you can apply the same skills to tamper with the genetic structure of an apple or of a human being. But what are the limits?

For example, let us suppose that the human genome has been totally analyzed and you can identify which particular segments of DNA control height and predisposition to cancer. To use genetic engineering to eliminate cancer would be laudable in the opinion of most people. But if you are a fan of basketball, would it be all right to genetically engineer your children to be 10 feet tall? Most people would say no.

We come back to the problem of limits. At what stage do you decide that a particular feature of humanity is a disease rather than part of the diversity of human nature, and choose to eliminate it? It is obvious that if you can identify the DNA sequences responsible for life-threatening or debilitating diseases, such as cancer or heart disease, it would be of benefit to mankind to eliminate them. But what of color-blindness? What of skin color? What of sexual orientation?

We are back to the old arguments of eugenics. The breeding of better stock is well accepted in animal husbandry and in plant life. But if you are talking about human life, then you do have to decide on the question of limits and the reasons for setting these limits. Designing a "better" human being is not a practical proposition for the moment. The Human Genome Project is just started. But it is not inconceivable that there will be real problems to face in 10, 15 or 20 years' time.

And so it is very timely that the United States, the European Community, and the Council of Europe, as well as individual states, should all be interested in human genetics, the human genome, and what ethical limits, if any, should be put on tampering with it.

China's rail and energy sectors, always brittle, begin to collapse

by Mary Burdman

Since the Chinese government imposed its 16-point control program at the beginning of July, in a desperate effort to control the financial chaos in the country, China's *real* economic crisis has become so evident that no amount of domestic or foreign propaganda can conceal it from public view. In recent weeks, China's own press has been full of reports of the dangerously wretched state of energy and railroads, brought to the edge of disaster by the diversion of funds into the crazy "bubble" economy.

With the world's largest population, China lags a *century or more* behind the industrialized nations in every critical sector of its physical economy, wrote Dr. Jonathan Tennenbaum in a recent report based on the economic methods of Lyndon LaRouche. "In fact, China's economy is characterized by a thin 'crust' of relatively modern science and industry, floating upon a gigantic mass of pre-industrial backwardness." China will only be able to develop if it acquires and applies the *most advanced* technologies on an emergency basis, Tennenbaum wrote. Only the LaRouche method for increasing the productivity of labor, per capita and per square kilometer, can save China.

Yet in the two vital sectors of energy and railroads, despite its relatively ambitious development plans, the Chinese government is focussing on *rationalization* and *conservation* as the means of surviving the critical period immediately ahead.

On Sept. 21, China's State Planning Commission called upon all local authorities to concentrate the nation's limited resources on 150 key development projects, the "lifeline of the national economy," the *China Daily* reported. Railways have been dubbed "the number one priority." At a conference in Qindao, Shandong, the commission called on all provinces and municipalities to review each current and planned project worth more than 10 million yuan (\$1.75 million). Investment priorities are raw materials, energy, transport, and telecommunications, and these projects would be guaranteed, while less important projects, such as processing plants, may be suspended.

The power crunch

Chinese economists have asked the government to rationalize the nation's investment structure, because investment in key projects has lagged far behind investments in other

sectors. "Fixed asset investment" in pivotal energy and raw materials sectors fell by 9.2% this year already, while real estate investment rose 143.5% to hit \$4.8 billion.

At least one-third of China's industry is idle for lack of power, the *People's Daily* reported Oct. 11. The national power supply is 15-20% short of demand, and factories in Guangdong, the hub of China's "special zone" economy, are shut down three to four days a week because of lack of energy. In 1992, China lost output worth 730 billion yuan (\$125 billion) due to the power shortage. Beijing has suffered power shortages since 1970; only Ningxia province in the northwest has a power surplus. With a population of 1.2 billion, China only has generating capacity of 180 million kilowatts. Germany, in comparison, with a population of just 80 million, has 60 million kilowatts generating capacity, of which 30% is from nuclear power.

"China is among the countries of the world with the lowest per capita energy consumption," the official *China Daily* acknowledged Oct. 19. Power consumption per person is only *half* the world average, and the efficiency rate of energy use in Chinese enterprises is only 30%, which is, at best, 10% lower than the advanced countries. In the poorer Chinese enterprises, the efficiency rate of energy use is as low as 10%. Most enterprises have to spend 70% of costs on energy and raw materials, with the result that low efficiency pushes product prices high, the *Economic Daily* reported. It also takes a huge toll on the population by causing extremely serious pollution.

In the late 20th century, the world's most populated nation depends almost entirely for its energy needs on a 19th-century technology, coal. Coal consumption is 75% of China's energy use, as compared to 17-30% in advanced countries, reported the *China Youth Daily* recently, and there is little short-term improvement in sight. Instead, in the long run, Vice Premier Zou Jiahua said, China will put equal emphasis on energy development and *conservation*. For the immediate period, priority will be given to saving energy by increasing efficient use.

"Energy shortages have worsened and have done great harm to the country's production capacity," the *China Daily* acknowledged Oct. 19. "To reduce the shortage and guarantee long-term economic development, conservation of energy must be promoted."

One indication of the chaos which has reigned in China since Deng Xiaoping gave full throttle to economic "reform," was a report in the official *China Daily* that "Management of the country's energy use has not been well organized this year because the administrative body in charge of it was abolished and self-restraint mechanisms in enterprises have yet to be established." Investment in greater energy efficiency fell to 2.4% of all technological renovation, one-third the previous level.

The crisis is driving the Chinese government ever more rapidly into the hands of international finance. On Aug. 1, the *China Daily Business Week* had announced a "government policy shift" to "guarantee investment in the sector" to solve the "crippling power shortage." A plan to sell bonds worth billions of U.S. dollars this year will be withdrawn and replaced by loans for the same amount. The Ministry of Power Industry and State Energy Investment Corp. (SEIC) announced "emergency measures to ease fund shortages caused by local bank branches that have invested funds originally meant for the coal-mining sector in real estate and service industries."

The government and banks are scrambling to recover some of their squandered funds, but there is no time to wait. "Raising money through bond sales takes longer than securing loans and the money is needed urgently at key construction sites," an official from the SEIC said. In January-June, only 30% of state set loans were delivered, compared to 40% in same period last year. Construction of some power stations, including key state ones, was suspended for a time due to the financial crunch.

On Oct. 6, the Power Industry Ministry announced it needed as much as \$25 billion in foreign investment over the next eight years. China is expected to become the world's fastest-growing power consumer and market for electricity generators. An unnamed official said that nine "huge foreign-funded projects have been approved and another five submitted to the government." Some \$8.2 billion in funds is coming in from Britain, the United States, Indonesia, and Hong Kong, to build 14 power projects, one of which will be wholly foreign owned. They are to have a total capacity of 20 million kilowatts. In a major concession by the Chinese government, these foreign-funded power projects would receive clearance to take profits in foreign currency. They are to invest, run the projects for 20 years, and then turn them over to China.

The rail bottleneck

China's railway system is another disaster. The railways themselves remain one of major energy consumers in the country: They consume 2.5% of total energy—just hauling coal around China! The *China Daily* reported Oct. 22 that "energy control agencies" have been formed with leaders at all levels of the rail system and the ministry has created 258 "energy monitors."

But the rail systems do not work. On Sept. 19, the *China Daily Business Week* reported that the just-established Shanghai Coal Exchange could be forced to shut down after just nine months in operation, due to the railway crisis. Clients are losing confidence as overstretched railways are unable to guarantee deliveries. In nine months, only 30% of contracted coal has been delivered to buyers.

The SCE is run by the Coal Industry Ministry and the Shanghai government, which had had plans to convert it into a futures market. Such plans are not likely to bear fruit. The situation from May 25-June 30 was reported "dire," when no deals were made and few clients got coal delivered. The SCE is now still in operation only because the government ministry is backing it with special measures—asking mines to make deals at the SCE and use their own railways to shift the transacted coal. In the last two months, only 200,000 tons of coal were bought on the exchange, compared to 260,000 tons the first month of operations; trade volume has fallen every month.

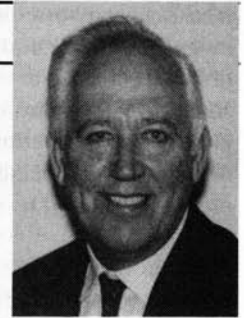
Vice Premier Zhou Jiahua had promoted the exchange as a key part of east China's economy, and predicted it would transact 100 million tons of coal this year. The SCE itself, more modestly, expected to deal with 26 million tons. But by end of July, deals involving only 1.2 million tons had been made.

Coal is vital for east China, where energy reserves are poor. In addition, the SCE was intended to "help the industry turn market-oriented." The central government had freed the price of 20% of coal in 1992, and planned to free all prices by 1995. But due to the effects of the rail bottleneck, the Coal Ministry admitted that price reforms were likely to be "hit" this year and that the railway crisis had affected plans to turn the SCE into a futures market.

The "Special Economic Zones" have also been hit. While power plants in Guangzhou often run short of fuel, coal stockpiles inland self-ignite because the wait for freight trains is so long. The rail "bottleneck" cost China up to \$70 billion in lost production last year already, the Coal Ministry announced. Railway Minister Li Senmao said in 1992 that the entire rail system was capable of supplying only 60% of China's cargo shipping needs, and the situation has worsened since.

The situation has gotten particularly bad in recent months, as an Oct. 18 *China Daily* article revealed, despite strenuous efforts to cover up the fact. Rail freight "demand" has dropped as a result of the cooling-off measures, the *Daily* reported, with daily cargo volume down 14% from previous month, and down 20% from the year before.

Railway officials admitted that many coal consumers in these regions are now reluctant to order any new coal shipments from the coal-producing areas of North China. The *International Herald Tribune* reported Sept. 7 that some coastal factories prefer to import coal as the only way to guarantee regular delivery. As a result, the rail authorities are now forced to seek more freight sources.



Mideast cooperation must be both economic and political

Mr. Ya'acobi is the present head of the Israeli Mission to the United Nations Organization. He was minister of economic planning in the 1984-86 period in the Shimon Peres government. He is a leader of the Israeli Labor Party, a leading economist, and known for his outstanding support for large economic projects as key to a successful peace agreement in the Mideast. This interview was conducted by EIR correspondent Paolo Raimondi from Wiesbaden, Germany on Oct. 20.

EIR: Mr. Ya'acobi, you may remember the discussions we had in Tel Aviv some years ago.

Ya'acobi: Yes.

EIR: First of all, I want to express my congratulations as well as those of the *EIR* staff for the agreement signed between Israel and the PLO.

Ya'acobi: Thank you very much.

EIR: I was recently reading again the interviews that you gave to *EIR* in 1984 [June 19] and in 1986 [April 11], and I have to say that the lines of discussions we had and the ideas you presented at that time have been substantially taken up in the protocols of the agreement.

Ya'acobi: That is correct, I have believed for many years in these routes, in these directions.

EIR: Could you comment more on the agreement, in particular on the economic aspects of the deal?

Ya'acobi: This agreement is just an opportunity to create peace and stability in the region. But without regional cooperation and economic development the agreement might face hardship. Such an agreement cannot stand just on its political foot, it has to stand on two feet at the same time, one political and one economic and social. We have to encourage regional cooperation in order to establish in due time in the future a Mideastern common market, at least a common market between Jordan, the Territories, and Israel, and perhaps later on with other countries in the area. We have to establish gradually an integrated network of infrastructure, especially in the domains of seaports, airports, railways, perhaps energy plans. We, for example, can develop jointly a deep water

seaport, a modern airport in the Aqaba area, in the Aqaba-Eilat area. We can open borders for tourism as a joint venture between Israel, Egypt, Jordan, and the Territories to use the nature and history advantages of our region to attract a big flow of tourists into this area. We can promote joint ventures in the fields of industry and technology and we can, through regional cooperation, promote cooperation and teamwork in the fields of health, vocational training, technology, and agriculture. All this will strengthen peace and stability and reconciliation, because it will be a built-in factor which may deepen the mutual interests between the people in the area which is, I would say, the most profound root in order to enhance the continuation of this process.

EIR: I would like for you to develop more some of the ideas which you already expressed in the past two interviews with *EIR*, specifically on big infrastructure programs.

Ya'acobi: I can give you two or three main directions, main examples. One is to build a joint deep water seaport in Eilat and Aqaba which will serve the two present seaports of these two very close cities. Secondly we can develop jointly an international airport at the border between Israel and Jordan which will serve both nations and the inflow of tourism directly from Europe. We can build a railway which will connect the Gulf of Aqaba and the Mediterranean Sea and will become a sort of inland bridge that may become an alternative to the Suez Canal. We can jointly develop the mineral resources of the Dead Sea and the tourist resources of the Dead Sea which is, as you know, between Jordan and Israel. We can develop a joint tourism program which can be based on the attractions of Egypt, especially the pyramids and other places, the sacred, holy places in Israel and the Territories, for example Jerusalem, the Sea of Galilee, Nazareth, and Bethlehem.

EIR: What about the canal connecting the Mediterranean and the Dead Sea?

Ya'acobi: It is now being reassessed. You know that some years ago there was a proposal to develop this project, and then, after some years, it was decided by the government of Israel that, because of the falling price of oil, it was not worthwhile any more from an economic point of view. Now

it has been reassessed and this canal may go from the Mediterranean Sea, at the northern part of Gaza and the southern part of Israel, directly to the Dead Sea through Israel and part of Judea, which is the southern part of the West Bank, and to create sources of energy and save the Dead Sea from being dehydrated and being dried up completely, as it is in the process [of being] now.

EIR: In one of your earlier interviews with me you mentioned that there were considerations of establishing collaboration also on the energy front and on nuclear energy. What is the orientation today?

Ya'acobi: There is an idea to build a civilian nuclear energy reactor in Sinai in order to use it for two purposes, for desalination of seawater and producing electricity for the use of the southern part of Israel and the Sinai desert which is now, as you know, part of Egypt. This is one of the ideas which is being studied now by a working team from Israel and Egypt. Of course now we have to add to this team a representative of the self-rule of the Gaza Strip, because Gaza may become a client, a very very important client of this potential nuclear reactor.

EIR: You mentioned desalination. The question of water is going to become in the future one of the essential questions for the development of the area.

Ya'acobi: That is correct. The shortage of water is one of the most limiting factors in economic and population development in Israel and in the Territories, and it is under negotiation in one of the subcommittees of the multilateral talks in which about 40 countries are taking part, including the Palestinians and Israel. There are some solutions which have been indicated: One is a certain arrangement under the auspices of joint authorities for water between the Territories and Israel, another one is developing new sources of water based on transfer of water from Turkey. Turkey is ready to sell or to contribute water to our area, and, if and when we will have peace with Lebanon, I guess that the transfer will be much easier. There are many other alternatives. This issue is very, very serious and is being discussed in one of the mutual subcommittees.

EIR: After the fall of the Berlin Wall, we proposed a policy of integration of East and West Europe through great infrastructure projects. It was called the "Productive Triangle," a proposal formulated by Mr. Lyndon LaRouche. We saw the integration of Europe in connection also with the regions of the Mideast and beyond. In Europe, instead of moving further with such infrastructure and industrial and technological development, the problem has been the imposition of shock International Monetary Fund therapy in Poland and Russia. I tell you this because I see in some discussions and suggestions coming out from sectors connected to the IMF and the World Bank, an attitude that will definitely not be helpful,



An investigator measures the salinity of springs in the Negev Desert. Irrigation using brackish desert aquifers is an Israeli specialty. "The shortage of water is one of the most limiting factors in economic and population development in Israel and in the Territories."

to say the least, for a real economic and infrastructure program for the region. What is your thinking about this?

Ya'acobi: You see, this is an aspect that we are taking into account. I may tell you that we have studied the prior experience of Algeria, which fought many years for its political independence, and now that they have it, they are in a very complicated and bad economic situation, with 30% unemployment and a real social and economic crisis. In order to avoid this, we were part of the initiative that took place in Washington two weeks ago of the international donors conference for the Territories, where \$2 billion of pledges were made, \$600 million for the first years and \$400 million for the second years, and then a very deep involvement of the World Bank and the readiness of many countries to go for joint ventures including Israel and the Territories. All this is being done in order to avoid this syndrome that took place in eastern Europe and in Algeria. An historical lesson has to be studied from all these experiences.

EIR: Some proposals coming from institutes connected with the World Bank tend to have the attitude of proposing the use of the so-called Palestinian cheap labor. The experience in eastern Europe proves that such a policy is a catastrophe for everybody.

Ya'acobi: It is correct in the long run, but in the short run, let us say three to seven years, we have to face reality and supply more jobs to the people who are living in the Territories in order to raise their standards of living and to create hope. This is what has to be our guideline for the immediate future.

Shimon Peres's plan for peace and development in the Middle East

The following article by Israeli Foreign Minister Shimon Peres, "The Middle East in a New Era," appeared in Acque & Terre in April 1993. We reprint it here with the magazine's permission. The magazine is published in Italy, in English.

The Middle East has not changed, but the world has. The central question facing this region is the following: What is its place in the changing world—facing winds of glory and ghosts of the past, or facing winds of change bearing hope for a new era?

Today every person belongs to two entities. There is the national entity, based on the land and the homeland, rooted in the memories we hold, the language we speak, the political identification we carry, the physical and spiritual collective heritage passed on by our parents and forebears, and the identity fed by our collective memory flowing from the past. The Middle East is abundantly endowed with such collective memory.

Yet, almost without notice another story has been added to our national home, a second story, a universal space based on science, technology, and information, all unfettered by the boundaries of politics and nationalism. Science and technology, in fact, recognize no borders, for nature has no artificial, man-made boundaries or dimensions. There always exists something more minute than the most microscopic matter, and for the largest object there is something even greater in size. The only limit is our ability to penetrate a universe infinite in dimension.

This second story faces the future. The Middle East, like the rest of the human family, must place its national rivalries, including the Arab-Israeli conflict, in proper perspective. This story is founded not on the existent but on the potential. To a large extent our future depends on it. We study a country by learning about its geographic dimensions, climate, population, natural resources, and history, and with this information we determine whether a country is large or small, rich or poor, yet what we should be looking at is that nation's level of education, its scientific and technological capacity, and its capability to meet the challenges of change in the future.

In what ways has the world changed, and how might these ways affect the future of the Middle East and the settlement of conflicts in this region?

The challenges of universal change

To begin with, there is economic change. The production of bread today depends more on production efficiency than on the quality of the soil. Today we require less work, less land, and less water in order to produce more and more crops. The United States, which employs 1.5% of its work force in agriculture, produces 25% of the total world food supply, while the ex-Soviet Union, employing 33% of its work force in agriculture, cannot supply its own food needs. The U.S.S.R., for example, bought cows from Israel. Why? Because the Israeli cow gives three times more milk than the Russian. The cows are the same ones with the same horns; the difference is in the method that can increase production threefold. In other words, if in the past successful agriculture depended on land, water, sun, and the farmer, today it is increasingly dependent on science.

And that is not the last word. Science will eventually adapt and harness the two great reservoirs of future food production, the salty seas and arid deserts. With a threefold worldwide population growth in the 20th century, efforts will concentrate on tapping these two reluctant factors for the world food supply. People will harvest directly from the sea or create potable water by desalination, and they will make the desert bloom by cultivating rocky terrain that until now has mocked man's plow.

With fewer materials we produce increasingly greater amounts at higher quality and greater usefulness. Robots produce cars, as well as the robots and computers which design them. And those very computers are becoming ever more minuscule: They require less material as they become more sophisticated and their uses are diversified.

Even raw materials are no longer derived solely from the earth. Synthetic materials are increasingly replacing organic materials, and a synthetic diamond can sparkle just like a natural one. Almost anything can be used as raw material—air, sun, sea, and, in the future, who knows, perhaps even outer space. Services are no longer dependent on servants. Machines are replacing and improving the functioning of legs and hands, ears and eyes. Telephone, fax, tape recorders, compact disc, and television are portable, accompanying human beings everywhere—we no longer have to seek them out. The day will surely come when school instruction will be based on diskettes, and hospitals will be able to report

directly to their patients on their condition, thanks to minuscule personal monitors attached to their bodies.

Military strategy, long based on narrow national concepts of space and time, also has undergone a thorough revolution. Prior to armies meeting on the battlefield to wage war, technological clashes will take place where technological supremacy will crown the victor, precluding battles on land, in the air, or on the sea. This scenario is very nearly what happened in the Gulf war, when the American Army and the coalition forces hardly suffered the cost of war in physical terms, while the Iraq Army incurred heavy blows without knowing the position of the front line or even the basic battle strategy. A missile does not require a pilot, nor are mountains, rivers, and fortifications obstacles to its flight. Nuclear warheads are not measured by quantity, as their potential for destruction mocks any mathematical computation, and smart bombs, even in the hands of rather average-minded people, make military know-how a negotiable coin.

We must keep in mind that we are not dealing in futurism but rather in the present situation, before we could fully grasp what was happening, a new era began to evolve. A new era has dawned; not in the realm of the familiar past but in the unknown future, and has issued each of us a new passport—a universal one.

The preconditions for scientific progress

There is no scientific economy, as the Marxists claim, but the modern economy derives its independence from scientific development, and the real question facing every country today is not how to expand in territory but how to advance in science.

Scientific progress depends on two preconditions; political freedom that allows uncensored research and, secondly, a rational, as opposed to automatic, thinking process in which freedom of research is not hampered by political or clerical dictatorship. Science can develop only in a regime that allows humans to question, to doubt, to discover, to amass information and to discredit information, to be unprejudiced, and to be, at times, anti-establishment.

Dictatorship despises freedom, novelty, nonconformity, and the unknown. Dictatorship is methodical repression, and any form of repression thwarts originality and renewal. In the end, all the dictatorships of the 20th century have been toppled: Hitler, Stalin, Mussolini, and Ceausescu, among others. They had hoped to censor by force those who were wiser in spirit.

Scientific progress demands democratization of all levels of government, for only democratic rule is open and unrestricted enough to allow the full development of science in every sphere of a country's life. People, not regimes, create scientific progress. Regimes can assist or prevent but they cannot create thoughts or new awareness, and therefore decentralized democracy is the best framework within which modern science can flourish.

When it becomes apparent that the sources of wealth and power are dependent not on the physical side of life but rather on the intellectual side, the question arises as to the strategic position of armies. Are they defending existing national interests or future values? Here, too, it is clear that all thought, education, and science cannot be conquered by an army, whereas everything an army can attain—coercive power, land, seas, markets—is no longer so decisive in defining power for both the first and second stories of the future national home as in the past. Moreover, the cost of progressing from bow and arrow to missiles and nuclear warheads is far greater than the cost of progressing from horse to tractor. Since the military effort has always taken precedence over the civilian effort, its costs are always higher, too.

We have reached a stage, where maintaining a modern army can threaten the state's economy in no less measure than the danger of an enemy army attack. It is more economically sound to develop and maintain good relationships between nations than to build expensive armies required to ensure deadlock.

The dangers of the new era

The modern age excels, therefore, in three positive phenomena: scientific development of the economy, democratization of regimes, and demilitarization of foreign relations. Yet the new era has introduced some dangers, the greatest among them being a population explosion of unprecedented rate, disruption of the ecological balance and endangerment of world health, and proliferation of nuclear arms.

Population growth is largely due to medical advancement in the new era. Infant mortality has declined; life expectancy has grown. Cures and inoculations against many, though not all, fatal diseases have been discovered. World population has increased threefold, but in the Middle East the population growth has been nine- or tenfold.

More and more people live in our world, a world of depleted fresh water and pure air. The great battle that will demand drafting armies and supplies will be waged not between countries in the future but between humans and their environment, which they have commercialized and nearly devastated. We will have to confront the environment and replenish it by new means and through tremendous investment.

As if this contradiction between population growth and ecological damage threatening world stability and human security were not enough, the proliferation of nuclear weapons never provided man with the ability to create a world, but the nuclear era granted him the ability to destroy the earth. Moreover, there is no correspondence between the capability to acquire nuclear weapons and the degree of responsibility among those who have control of them. Irresponsible nations as well as blood-thirsty tyrants desire and may even acquire nuclear arms. What Hitler lacked in his arsenal could be in the hands of Saddam Hussein, and just the thought

is horrendous—that a madman like him could control nuclear weapons.

The new dangers, like the new prospects, are not limited to a certain country. They are worldwide and touch everyone, every country, every region—the entire planet. Ecology knows no borders, nor do nuclear warheads respect them. In other words, global developments play a far more central role in man's life and the state's existence, a greater role than the national or political framework.

The countries of the Middle East in the new era

The countries of the Middle East must ask themselves six major questions arising out of the new era and touching on their very existence:

- What kind of economy do they want? A new economy based on science and technology and regional cooperation, or an outdated economy based on land, oil, and nationalism?

- What form of government do they prefer? An authoritarian, monarchical, militarization regime frozen in the past, or a democratic, presidential, or parliamentary regime that would allow an atmosphere of freedom to develop the economy, society, science, and regional cooperation?

- How do they want to distribute their resources, those allocated to war and those allocated to development, education, and society?

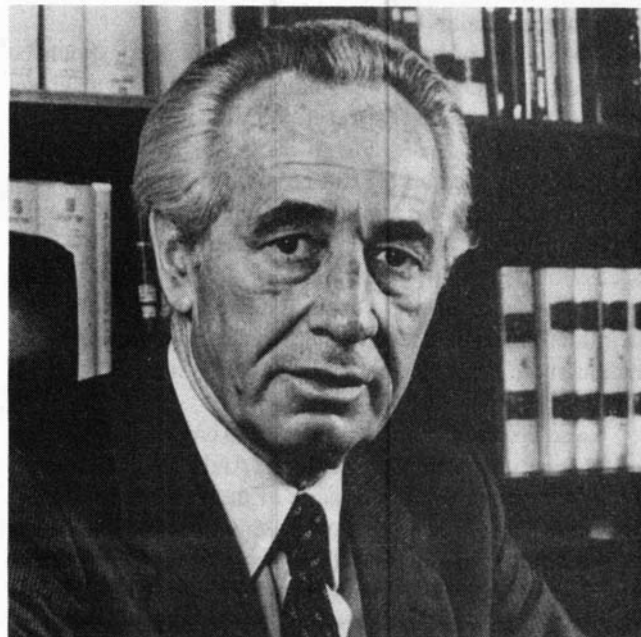
- Do they want to ignore environmental devastation, air pollution, waste of water resources, destruction of beaches, and erosion of fertile soil, or do they welcome regional cooperation in order to ensure air to breathe, seas to sail, land to cultivate, and water to drink for the children of future generations?

- How do they want to deal with the population explosion? By family planning and projecting food production and supply to new families, or by letting poverty make havoc and allowing fundamentalists (those who promise free meals and heaven knows what) to destroy every realistic and promising initiative?

- Will they allow the future to be determined by the proliferation of nuclear and other weapons of mass destruction, or will they take charge of determining future policies for disarmament by clearing zones of unconventional weapons? Will they remain part of a passing world or sail ahead with sails full-blown by the winds of a new era?

I know many will say that these questions cannot be answered until a clear and explicit solution is found to the problem of the great conflicts of the region, the Arab-Israeli conflict above all. Indeed, in my opinion, the Arab-Israeli conflict as a whole should be given first priority, particularly a solution to the Palestinian problem.

Nevertheless, peace in the Middle East is not a matter of clinical surgery, we are not dealing in amputation or transplantation of parts of the body. Peace falls, above all, within the realm of fine architecture, historic architecture, and the



Israeli Foreign Minister Shimon Peres: "As for the greening of the Middle East, it is already obvious that the region suffers more from a shortage of water than from land deficiency. If the outbreak of war is to be averted over this scarce resource, then the production of water must be confronted by everyone in the region."

reconstruction of a Middle East free of past conflicts, set to take its place in the new era—an era which will not tolerate backwardness or ignorance.

Before I discuss this new structure for the Middle East, I would like to preface my comments with a few points about the Arab-Israeli conflict and how to solve it.

Solving the Arab-Israeli conflict

The main dispute, in fact the source of the conflict between Israel and the Arab world, is rooted in the Palestinian problem and is centered territorially in two areas: Judea and Samaria, and the Gaza Strip. These are not very large territories. The area of Judea and Samaria covers 5,000 square kilometers of western Israel (Israel's total area is 24,000 square kilometers), and the Gaza Strip is only 350 square kilometers. These two territories have no oil or other natural resources and not much cultivable land. Both suffer a severe shortage of water and employment opportunities. Yet there is a great difference between them. The Gaza Strip is a compact area with few Israeli settlements, while Judea and Samaria present at least three serious issues from Israel's perspective: a united Jerusalem, the problem of strategic depth for an Israel that lacks geographic width, and the Israeli settlements that are, in essence, an enduring fact.

I do not believe that this dispute can be solved without territorial and bilateral compromise. In other words, Israel must give up some territory, and Palestinians must relinquish

some of their claims to territory.

The subject of Jerusalem, it is virtually agreed, should be left until the end of any negotiations or should be a subject that both sides agree not to set precise dates for, allowing the course of everyday life to evolve its own resolution. Alternatively, the subject can be divided into two aspects: political and religious. Politically, Jerusalem would be the capital of Israel. As for religion, the city would allow free access to all religions practicing there.

The issue of strategic depth for Israel can be solved by demilitarization of the territories to be returned and by designation of the Jordan River as a line not to be crossed by alien armies.

I also believe that there is no need to create confrontation on the issue of settlements. Just as the Arabs would live under an Israeli administration in parts of the West Bank, so the Jews may live under a non-Jewish administration.

At any rate, just as in war there is no substitute for victory, so in peace there is no substitute for compromise. While victory is unilateral, compromise must be bilateral or multilateral. Under existing conditions, it seems to me that the proper solution would be the establishment of a Jordanian-Palestinian confederation composed of the kingdom of Jordan, including its army and government, the Gaza Strip as a demilitarized canton, and a canton of Judea and Samaria as a third flank. Although there are divisions among the residents of Gaza, Judea and Samaria, and Jordan, these divisions are no deeper than between Catholics and Protestants in Christendom or between Sunnis and Shiites in Islam. In fact, many of the residents of Judea and Samaria have familial, not just political, ties to residents of Jordan. Any distinction drawn between these populations is completely artificial; as David Fromkin writes in his book, *A Peace to End All Peaces*, "The European powers at that time . . . introduced an artificial state system in the Middle East that has made it into a region of countries that have not become nations even today."

Even if the Palestinians acquired all the territory of Judea, Samaria, and Gaza, it is doubtful that it could serve as a territorial basis for an independent state, and it is even more doubtful that Israel could depend on the commitment to a demilitarization of this state, to a large extent a nation of poverty and bitterness. The establishment of two separate entities, a Jordanian and Palestinian one, would also serve as a new source of endless future disputes, for it is better to solve a problem with one solution. Two solutions to the same problem create the potential for constant rivalry and covert appetite.

I believe that after a solution to the Palestinian problem is reached, it will be easier to attain a solution to the conflict between Israel and Syria. This conflict should not cast a shadow over the attempt to find a resolution to the Palestinian dispute, whereas a solution on the Palestinian problem would facilitate resolving the dispute with Syria.

In order for a majority of Israelis to support a territorial compromise, the Israeli public must be convinced that terrorism will pass, that the thirst for war will disappear, and that on the foundation of compromise a new, historic coexistence between the Arab and Jewish worlds can be erected. Nothing strengthens reluctant groups in Israel more than Molotov cocktails thrown at public buses, indiscriminately striking mothers and children. The greatest pillar supporting extremists in Israel is Palestinian terrorism. Had the Palestinians established a political movement in place of violent organizations, Israel-Palestinian negotiations would have begun long ago, and perhaps a solution would have already been reached.

From the Israeli perspective, the picture is very clear. There are no such entities as "territories." If the territories were empty, it would be possible to discuss them as territories, but they are populated, and so we must talk about the population living there. Furthermore, since in both moral and political terms we have no desire to dominate the Palestinian people, Israel must withdraw from this domination without sacrificing security. The term *territories* must stand a double test from the two aspects of a people and a security threat. Israel must give back the territories populated by Palestinians on condition that the Palestinians understand that real guarantees must be created so that these territories cannot be used as a springboard for attacking Israel. Gaza is not a territory but a population; it can be allowed self-rule on condition that no threat arises from within or because of its proximity to Israeli settlements.

Is such a peace settlement possible? The answer is yes, because there is a precedent. The distance between Gaza and Ashkelon is greater than the distance between Aqaba and Eilat. Nonetheless, terrorists have crossed from Gaza to Israel, while not a shot has been fired from Aqaba to Eilat or vice versa. This is also one of the reasons why many in Israel have more faith in King Hussein than in Yasser Arafat.

It is my greatest hope that a Jordanian-Palestinian confederation will adopt democratic rule, even if it be a democratic monarchy. Jordan has already taken steps toward democratization. Aside from linking Jordan to Judea, Samaria, and Gaza, there is no doubt that a democratic system is the best guarantee for peace. Elections cannot be stipulated as a condition for negotiation, because I fear that negotiations about the nature of the elections would in themselves postpone indefinitely the opening of negotiations for peace. Nevertheless, a Palestinian-Jordanian declaration of intent to hold free elections would serve as a considerable contribution to peace in the region, for never has any democratic country launched an attack on another democratic country.

Regional reconstruction and the peace settlement

Concurrently with the opening of negotiations for peace between Jordanians and Palestinians on one side and Israel

on the other, plans for the reconstruction of the region should be started. The Gulf war proved beyond doubt that without a regional approach it is impossible to guarantee either the security of states or their economic development in the Middle East. Missiles do not stop at borders and, with their high speeds, do not respect distances, thus requiring all of us to realize that the range of solutions cannot fall short of the range of dangers. It is senseless that a missile should cover a distance of 1,000 kilometers and we, at the same time, should be occupied with marking borders 30 kilometers from our population centers. Today we require not only defensible borders but defensible distances. In other words, we must build a network of region-wide political relations that will have the power to overcome the dangers inherent in purely military relations.

The same need for a regional emphasis holds true for the economy. Of course, it is important for every state in the region and for the entire region to have a close network of relations with the European Community, but not to the exclusion of developing a comparable network in the Middle East itself. Europe is experiencing monumental changes. While in the past the EC lived in fear of a military threat from the Communist bloc, today it lives with anxiety as to the fate of the same bloc of countries threatened now with hunger. Lech Walesa, the President of Poland, has told me that he is no longer afraid of a Soviet Army invasion but rather of an invasion of unemployed Russians. Due to the serious economic situation in eastern Europe, the wages in eastern European countries are very low; it will be difficult for nations in the Middle East to compete in the EC against such levels of pay.

The future of the Middle East

The future of Middle Eastern countries lies in the Middle East. In spite of all the improvements in transportation and communication, the geographic factor still serves as an important one in economics. It is odd, for example, that the Middle East imports annually \$32 billion in foodstuffs, paying high transportation costs. It also spends about the same on importing weapons. If we could only reach a political settlement of the Arab-Israeli conflict, then we could surely save part of the expenditure on food transportation costs and on arms purchases. Instead of importing arms and foodstuffs, the Middle East could establish peace and produce food for itself. In order for our region to cope with the great possibilities inherent in the new era, it must formulate policy in three major areas:

- 1) the greening of the region;
- 2) the computerization of its industries and services; and
- 3) the just distribution of its wealth.

As for the greening of the Middle East, it is already obvious that the region suffers more from a shortage of water than from land deficiency. If the outbreak of war is to be averted over this scarce resource, then the production of

water must be confronted by everyone in the region. It can be produced by desalination, by recycling used water, by reservoirs, by producing rainfall, by more effective distribution of existing water, by purchase, and by introducing new and efficient irrigation. Each of these systems requires regional coordination. For example, the most viable method for producing water by desalination may be nuclear energy, yet it is possible to harness this power only if there is a regional agreement to establish international islands on which the stations can be constructed under full supervision.

One might also note the idea raised by President Turgut Özal of Turkey that a pipeline be laid from his country, which enjoys a water surplus, to the Saudi Arabian peninsula, selling water to every country along the way. Such a plan is possible, of course, only if peace reigns in the places the pipeline crosses.

Uniting the region around water

Water and peace flow together; otherwise nothing will come of either. Logic dictates that we establish a council of agricultural ministers of the whole region that will set to work immediately on planning a solution to the water problem, in order to supply food to the entire population of the Middle East without relying on foreign currency and without fear of either nature or man. Such a program would receive the finest European, American, Japanese, and Soviet assistance. It would serve as a tremendous effort to unite the Middle East through water, rather than divide it by force and fire.

The same approach used for water can be applied to computers, services, and industries in the Middle East. Let us imagine that we agreed to educational computers in every school in the region. Computers of this sort operated by batteries are relatively inexpensive to produce and would create a new language common to all children. Here, too, we can expect considerable assistance from the industrialized nations and the great electronics companies. This would immediately move the Middle East one phase ahead toward modernization in the new era I discussed at the beginning of this article.

A great fund could be established for regional development. Oil-producing and oil-purchasing countries might agree that for every barrel produced, \$1 be set aside for developing the Middle East, amounting to \$8 billion annually. The imposition of this dollar surcharge on the price would have no effect whatsoever on the economies of either producing or consuming states, but it could be a kind of self-devised Marshall Plan for the future survival of the Middle East. Israel would see its role in this case not as a recipient but as a contributor to the aid program through both money and know-how.

Leadership for peace and development in the Middle East

A program like the one proposed above would require

vast coordination both within the region and beyond it. In my view, Egypt should take the lead in the Middle East as the most populous Arab nation and the first to cross the barrier of war, demonstrating ever since its peace treaty with Israel a praiseworthy political maturity. The fact that Egypt's foreign minister, Esmet Abdel Meguid, was selected this year to be secretary general of the Arab League and the fact that he returned its headquarters to Cairo shows that the greater part of the Arab world continues to think of present-day Egypt as its leading country. Egypt also has free access to Israel, the Palestinians, Europe, and the United States. The problems facing Egypt are economic and political and can be solved only within the kind of general framework I have outlined. I am convinced that if Egypt took this initiative, it would have the widest support both within the Middle East and beyond it. Egypt would also have the consent of Jordan, the Palestinians, and, later, Syria to open wider peace negotiations between the Arabs and Israel.

Beyond our region, it is fitting that the United States maintain its involvement and initiative. The Americans have taken the lead for peace and military aid in the Middle East and have, in essence, proved throughout their history that even when the United States goes to war it does not develop a territorial appetite. The United States has withdrawn from Iraq as it withdrew from Japan, in both cases having become involved only to stop aggression and not to profit in any sense. The United States must be a leader for peace in the Middle East, a peace to be observed by countries that until now have either fought with each other or been in a state of war.

It is also most desirable that there be full coordination between the United States and the Russians on peace in the Middle East, although Russia no longer plays the role it did in the past. Nonetheless, it is important that Russia work for peace in the Middle East, rather than supply arms to one of the sides in the Arab-Israeli conflict.

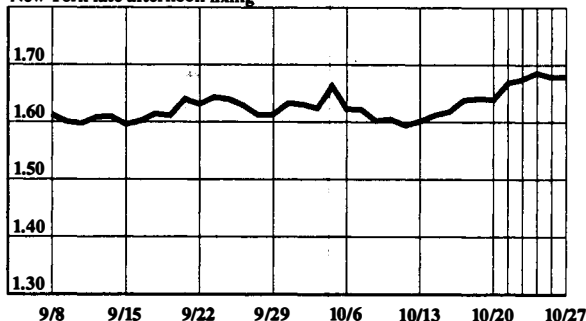
Second place on the list of international parties having influence in the region must be given to Europe, which is undergoing historic geographical, economic, and political unification. The Middle East is close to Europe and Europe close to it. If great industries are to be set up in the region, then Europe's industrial power, and not just the governments of the EC, can play a role as chief planner for the new era in the Middle East. In the present political situation, there need not be a contradiction among the roles of the United States, Russia, and the European Community, as Italy's ex-foreign minister, Gianni De Michelis, made clear in the summer of 1992.

A rare opportunity to create a Golden Age in the Middle East has arisen after the Gulf war. We are all in need of it, and any other alternative would be a collective punishment for all peoples in our region. We can begin today with skeletal plans, an archway through which we might begin a long journey. The way is open. We need brave travelers.

Currency Rates

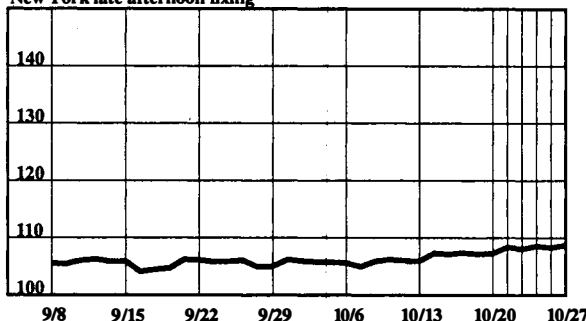
The dollar in deutschemarks

New York late afternoon fixing



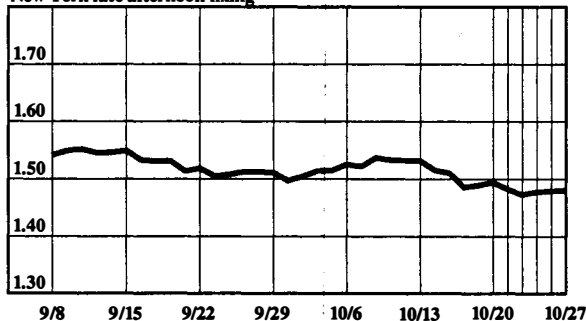
The dollar in yen

New York late afternoon fixing



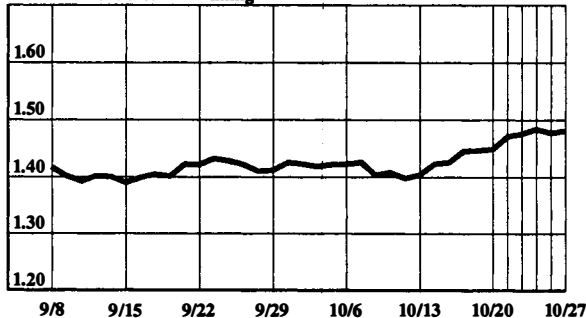
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Taking on the monetarists

The military is moving to cure itself of the economic policy affliction it has suffered since World War II.

The Anglo-American establishment's campaign against the Brazilian Armed Forces is provoking an organized reaction within high-level military circles to kick out those "free-market liberal" tendencies which have traditionally dominated the Armed Forces' economic views.

Those groupings infiltrated the Armed Forces back during World War II, through Brazil's strategic military agreements with the United States. As noted by the military-linked *Ombro a Ombro* in a late August editorial, "We went with the Brazilian Expeditionary Force to combat Nazi-Fascist tyranny, for the purpose of defending freedom and democracy throughout the world. Immediately, Brazil joined the United States, the power that emerged from that conflict as the world leader of democracy, but, hypocritically, [the United States] tolerated and permitted the advance of Communist tyranny throughout the world."

The editorial then launched into an attack on those "privileged groups" who exploited the 1964 revolution, when the military seized power in Brazil. "We lost a great opportunity to . . . correct the disproportionate economic power of the privileged groups that astutely aligned themselves with [the revolution], so as to enjoy the benefits. Later, through the major press which they ran and which were tied to foreign interests, they became the champions of a return to democracy."

Ombro a Ombro's editorial is clearly directed at the likes of Roberto Campos, Otavio Goveia de Bulhoes, Delfim Netto, Mario Henrique Si-

mensen, and the other monetarists who dominated economic and financial policy during that military period.

This offensive against the monetarists within the Armed Forces is by no means limited to the media. In early October, the Superior War College (ESG) organized an economic seminar for the purpose of sending a message. The ESG is viewed by the free-market liberals as the military's fount of economic doctrine. Invited to this event was economist Maria da Conceição Tavares, a fierce critic of the economic policies of Delfim Netto and Roberto Campos.

Tavares charged that the economic policy of current Finance Minister Fernando Henrique Cardoso, and especially his draconian fiscal "adjustment" plans (privatization and the adoption of a "fixed exchange," the term used to imply dollarization of the economy), were elaborated through what has been dubbed "the Washington consensus," meaning the prescriptions of the International Monetary Fund and World Bank.

Said Tavares, "The currency board, which would be imposed by Cardoso's economic team in coordination with 'the Washington consensus,' with a ceiling on monetary emission inspired by the gold standard, in practice means throwing out the national currency. The end of the national currency is, of course, the end of the sovereign state. It is the model of Hong Kong and of Latvia. It is the end of any national development project."

Even more significant was the Aug. 31 conference presented by ESG director Brig. Sergio Xavier Ferolla,

to a large audience at the Brazilian Press Association, headed by legendary journalist Barbosa Lima Sobrinho, the most prominent proponent of the "American System" of economics in Brazil. Said Ferolla, "In defining the basis for the National Project, it must be clear that the country's growth should be total, meaning a substantial increase in the quality of life and in the necessary internal accumulation of capital, without basing ourselves entirely on foreign investment and on international high-technology which generates foreign indebtedness and a greater economic dependency on the world financial system."

Regarding technological development, Brigadier Ferolla reaffirmed "the importance of investment in strategic sectors not necessarily of exclusive interest for military purposes, but of parallel importance in terms of national power and its direct reflection on the civilian segment of industry. These are advanced technologies to be used in nuclear energy; scientific satellites, for application and for telecommunications; aeronautics and space; among others, which become available for the industrial sector, giving rise to sophisticated electronic products, new materials to solve engineering problems, and, in the area of medicine, increasingly small, more efficient and less expensive computers. . . . Modernization must be sought through a more dignified outlook in the social arena, with a realistically structured industry capable of making its products accessible to the broadest sectors of society, taking advantage of the enormous internal market that Brazil possesses."

On Oct. 25, *Jornal do Commercio* reported that Brigadier Ferolla would be presenting his proposals to the Joint Chiefs of Staff of the Armed Forces, to be presented to the government.

Business Briefs

Aluminum

Industry threatened by exports from the CIS

The aluminum industry is being brought to its knees by exports from the Community of Independent States of the former Soviet Union, warned David Morton, chairman of Alcan Aluminum of Canada, the world's second largest aluminum producer, the London *Financial Times* reported on Oct. 20.

Morton reviewed how the aluminum industry in the West has curtailed production by 1.4 million tons a year (one-tenth of its capacity), but stocks continue to accumulate at the rate of 1.8 million tons a year, because CIS states are now exporting 1 million tons a year to the West—three to four times more aluminum than in 1990.

"Thus, against a background of slow growth in demand, a correction to this surplus by western world producers would require a further cutback of about 15-20% of its production capacity—a staggering requirement," Morton said. "Unless the problem is tackled on a concerted and negotiated basis, the current conditions are likely to persist and bring this industry to its knees."

Infrastructure

Too much cut from U.S. railroads

"The immediate need to add tracks and increase terminal capacity was raised for the first time publicly at the Intermodal Association of North America's fall meeting," the Oct. 21 *Journal of Commerce* reported. "The comments suggested that decades of industry infrastructure shrinkage and poor management of railcars will have to be reversed if intermodalism is to continue three decades of continuous volume growth."

"For years we were trying to reduce capacity. Now we are in danger of losing business because we don't have room for it. We are running out of capacity on key routes. Left alone, the situation will get worse," Jim McClellan, vice president of strategic planning for Norfolk

Southern Corp., told the meeting. "Capacity constraints are not extensive, but they tend to block key lanes and markets."

Speakers identified bottlenecks at the U.S.-Canada border between Ontario and Michigan; the Los Angeles/Long Beach port area; the Tehachapi Pass between the Los Angeles basin and the San Joaquin Valley; the Hudson River Valley in southern New York; eastern Oregon; the state line of Washington and Idaho, just east of Spokane; western Indiana just south of Chicago; north of Atlanta toward Chattanooga, Tennessee; and central Nebraska. Dick Davidson, chief executive of Union Pacific Railroad, told securities analysts that his company was experiencing capacity constraints at Seattle; in the Blue Mountains of eastern Oregon; in California; in Memphis, Tennessee; and at the U.S.-Mexico border at Laredo, Texas.

The amount of track owned by class one railroads in the United States has dropped continuously over the past 60 years, from 429,000 miles in 1929 to 290,000 miles in 1980, to an estimated 210,000 miles in 1990.

Australia

Manufacturers' imports far outweigh exports

Australia remains one of the smallest manufacturing exporters in the western world despite an alleged growth in its economy in the past five years. Statistics from the Organization for Economic Cooperation and Development show that in 1992, Australia's manufacturing exports still ranked only 16th out of 20 "western" countries.

Australia remains a huge net importer of manufactures. In 1992, it bought twice as much as it sold, with a monthly import bill of almost \$3 billion. Australia's main exports are agricultural products and raw materials such as coal, gold, wool, beef, iron, aluminum, wheat, and oil.

The Australian media recently have been claiming that there are definite signs of recovery, and it appears that Prime Minister Paul Keating believes the propaganda. Keating told the Labour Party caucus on Oct. 19 that "economic recovery was accelerating but was 'pro-

ductivity laden,' and this explained why there had been only a modest improvement in employment."

Europe

Halve auto parts jobs, says study

Over 400,000 jobs must be eliminated in the European automotive components industry, according to a confidential study completed for the European Commission, the Oct. 18 London *Financial Times* reported.

According to the study, prepared by the Boston Consulting Group, the productivity of Japanese automakers is about 30% greater than that of European automakers, but the productivity of Japanese auto parts manufacturers is 2.5 times greater than in Europe. Redressing this productivity gap will require that employment in the auto components industry of Europe be reduced from about 940,000 at the present time to around 500,000 by 1999. Currently, 47% of European auto components manufacturing is in Germany.

Speculation

Derivatives mean instability, says analyst

Wilhelm Nolling, former member of the Bundesbank (German central bank) council, warned against the cancerous growth of financial derivatives, in a commentary in the Oct. 22 London *Financial Times* entitled "The Dangers of Capital Mobility." Nolling insisted that governments must "assemble measures to steer the financial community away from anarchy."

"All-out capital mobility is very far from being an unalloyed virtue," Nolling observed. "Explosive growth in international financial transactions has added sizably to the risk of economic instability. Aided by modern technology and growth in such areas as derivatives, these transactions have increased so much in speed, scope, and complexity that they vastly

Briefly

exceed the level of international trade in goods and services.

"Untrammelled capital movements have been an important factor behind the two crises in the Exchange Rate Mechanism in September 1992 and July-August 1993. More generally, they can give rise to a dangerous political vacuum.

"It is no exaggeration to speak of an abdication of democracies in the face of anonymous, uncontrolled market forces . . . [in which] banks can be more dangerous than standing armies."

Nolling urged that governments "give thought to the idea of harmonized international controls to curb the activities of large-scale 'players' on the markets. . . . Additionally, a tax on speculative currency movements . . . could have a stabilizing effect. . . . Such a move would make speculators think twice before attacking defensive walls erected by central banks and elected governments."

Middle East

Arafat warns that lack of aid threatens peace

"The world must know that without help this peace is in danger," PLO Chairman Yasser Arafat warned in an interview with the Italian daily *L'Unità* on Oct. 18. "The economic situation is very bad," Arafat stated. "There is no food to be had in Gaza. In the Occupied Territories there is now almost 60% unemployment. We must start exercising power, though all the infrastructure has been destroyed. . . . But the [World Bank] allocation decided on is insufficient: \$2.2 billion over five years. That is not enough even for the police alone. It will not be possible to construct an airport or a port."

Asked about continuing economic problems, he added: "This is the main possibility for the opposition [to the accords]. Great potential is being established for exploiting poverty and for establishing dangerous and erroneous political stances. Erroneous ideas often flourish amid poverty and desperation."

In an interview with the Egyptian daily *Al-Musawwar* on Oct. 15, King Hussein of Jordan endorsed the use of nuclear power in com-

bination with a Red Sea-Dead Sea Canal. "This project would require energy resources unavailable to us or not possible for a certain country to possess. However, as part of a comprehensive peace these means, such as the use of nuclear power, may be reasonable and acceptable for water desalination."

Meanwhile, Israeli Finance Minister Avraham Shohat backed the World Bank approach. He warned against expectations that there would be massive investment in the Occupied Territories, in a press conference on Oct. 19. "I don't want to exaggerate expectations," he said. "I think there is a certain euphoria about investing money in the territories. I think people overestimate the possibility of doing it very, very soon. I want this vision to come to reality, but I think that it will take more time than we think."

Shohat, who is committed to privatizing Israel's economy, claimed the territories would have difficulty absorbing more than the \$600 million already pledged by 47 donor nations for 1994, the first year of Palestinian interim self-rule.

Nuclear Energy

New plant given go-ahead in Germany

The Upper Bavarian district administration in Germany authorized in mid-October a plan for the construction of a new nuclear research reactor of 20 megawatts that is to replace the old reactor at Garching, near Munich. It is the first official go-ahead for a new nuclear project in Germany in seven years.

While the final permits which meet the rather restrictive nuclear laws in Germany still have to be issued, the district administration ruled that the project is of essential importance "for the further development of science in Bavaria and for the competitiveness of the respective industrial and [other] productive firms."

The positive results of the new reactor would have to be rated much higher than any considerations over damage to "nature and the landscape," the district government explained. Such language has not been used officially in Germany since the 1986 catastrophe at Chernobyl in the former Soviet Union.

● **THE EUROPEAN** Commission has rejected cartelization of the Bischofferode potash mine in Germany. Commissioner Karel van Miert wrote to *Mitteldeutsche Kali AG* in east Germany, and *Kali und Salz AG*, a unit of *BASF AG*, in west Germany, to say their planned merger would violate EC monopoly laws. The merged firm would dominate two-thirds of the European market in combination with France.

● **INDONESIA** may have 500,000 people infected with HIV by 1995, Coordinating Minister of Welfare Azwar Anas said on Oct. 20, Reuters reported. The Health Ministry had estimated that up to 20,000 people were infected with HIV at the end of last year, more than double some previous estimates.

● **POTATO CROPS** are being threatened worldwide by a new outbreak of late blight fungus, the same fungus that caused the great potato famine in Ireland a century ago, the Oct. 24 *New York Times* reported. The blight particularly threatens the Third World, which lacks the resources for adequate fungicides.

● **ONE-FIFTH** of the population of Angola, 2 million persons, is threatened with starvation, according to U.N. officials and aid organizations. The famine has reached Somaalian proportions, "but the world seems to have forgotten Angola," one official said.

● **CHINA** is attempting to lure foreign investment into its space program, the Hong Kong daily *Wen Wei Pao* reports. The China Astronautics Industry Corp., by pooling funds with the big automobile groups of Japan and South Korea to set up factories, will closely integrate foreign astronautic and automobile industries.

● **E. GERALD CORRIGAN**, who recently retired as president of the New York Federal Reserve, will become chairman of Goldman Sachs's international advisory committee. "It is like being in a candy store," he said.

Gambling with geopolitics threatens space station

The U.S.-led international space station has been under constant budgetary attack. Now, there are proposals for the wrong kind of cooperation with the Russians. Marsha Freeman reports.

On Nov. 1, the National Aeronautics and Space Administration (NASA) will present a report to the White House on the possible options for Russian participation in the space station, an international effort led by the United States. The administration has stated that by the end of the year it will make a decision on the specifics of the Russian contribution to the often-redesigned and down-sized space station. In principle, collaboration with the Russians on the space station and related programs makes a lot of sense. The Russians have had more than 20 years of experience with crews on Earth-orbiting space stations and also the most robust rocket launch capability in the world. They are the only other nation beside the U.S. to have a manned space program and they have many technical capabilities that could augment western space efforts.

And the Russians sorely need support from the West. Since the collapse of the Soviet Union and the disastrous imposition of "shock therapy" economics, the former Soviet space program has been in retreat. The Russian Energia heavy-lift launch vehicle and the Buran re-usable space shuttle are on hold. Facilities both on the ground and in space are deteriorating because of lack of funding.

But the Clinton administration's recent initiatives for cooperation are being proposed for all the wrong reasons. And the most radical proposal—that the Russian Mir 2 space station be the centerpiece of what had been the U.S.-led international space station—would hold the U.S. manned space program hostage to the political stability of Russia and other republics, Russian political intentions, a collapsing

Russian economy, and the geopolitical goals of the U.S. administration.

The recent White House offer of space station cooperation, in addition to \$400 million out of the NASA budget over the next four years for a variety of cooperative programs, was offered to coax the Russians to sign the Missile Control Technology Regime agreement. The effect of the MCTR is not to deter the proliferation of weapons, but to deprive developing nations access to advanced aerospace technology in order to implement a more general policy known as "technological apartheid." The Russians had to cancel a nearly \$400 million rocket engine deal with the government of India in order to agree to sign on to the MCTR: hence the amount of money agreed to for near-term space cooperation.

However, signing international treaties is unlikely to prevent any of the activities they are supposed to curb, and in the past the Soviets did not adhere to military agreements anyway. If the international space station depends upon the Russian cooperation, what will happen if they violate the MCTR? The 1979 Soviet invasion of Afghanistan ended ongoing collaboration in space and other areas.

The administration has based its foreign policy toward Russia on the false premise that supporting Boris Yeltsin means supporting democracy. While it is true that keeping Russian space scientists and engineers employed and working on the frontiers of science can support democracy, this is *not* because it will support the current regime and its anti-democratic policies or shock therapy economics, but because any real economic recovery and growth in Russia will be led

by its reservoir of technical talent and scientific manpower.

It is rarely mentioned that the funds being transferred from NASA to the Russian space program will be used to support Boris Yeltsin's only visible "constituency," the Russian military. Although the funding will go to the new civilian agency, all space launch facilities are run by the strategic rocket forces, and historically more than 80% of space activity has been for military purposes. Funding transferred will initially be to purchase hardware that, for the most part, already exists, from the industrial giant NPO/Energia. What the new American dollars will be used for is unstated. All Russian space hardware and capability is dual-use.

It is admitted that the policy of marrying aspects of the Russian and American space programs might be high risk, but, the argument goes, this is supposed to be balanced by the savings that will accrue through the purchase of existing hardware from the Russians, which the United States would otherwise have to develop itself. Even were it true that cooperation saves money—which it does not—saving money is not a justification for international cooperation. In the case of the current Russian situation, it is unclear how much more money than already agreed to will have to be invested in their program just to enable the Russians to cooperate. As has been pointed out, the contributions made to the space station by Europe, Japan, and Canada are being paid for by those nations. In the Russian case, we are paying them to contribute to the space station, and in some cases to build hardware that the Europeans had expressed interest in providing, free of cost to the United States.

The space station collaboration that is being proposed by the White House could put the Space Shuttle at risk and spell the end of the international space station. If these U.S. space capabilities are diminished, this would be a serious blow to the future of democracy in Russia, because a healthy, thriving scientific and technological capability in the West is crucial to augment the manpower and resources available internally for Russian development.

Space station at risk

Since the end of the Apollo program, the United States has had no long-range goals in space. This has meant that each individual program—be it the Space Shuttle, unmanned scientific probes, or the space station—has been seen as an isolated project. It has made any large program a target for budget cutters, congressional micro-managers, and anti-science ideologues because there was no connection of each separate project to larger, more far-reaching goals.

Since President Ronald Reagan announced in 1984 that the United States would build a space station, the program has been scaled back, redesigned, stretched out, and redefined. Soon after President Clinton took office he ordered NASA to do yet another redesign of Space Station Freedom to bring down the projected cost. The redesigned station would have to cost half the \$30 billion that Freedom would

have (including the \$8 billion already spent), cost half as much to operate once on orbit, and have only half the 30-year lifespan of the original Freedom station, the administration stated. The redesign, which began in March, was to be completed by June. Some participation by the Russians in the international space station was assumed in the redesign. As the engineering team started its work, it became clear that there was no way to halve the station cost and still meet the technical and performance requirements. At the same time, Congress was not about to watch the Space Station Freedom, which they had fought tooth-and-nail to build, be redesigned out of existence, to be replaced by some "cheaper" version that would be less capable. On May 20, the chairman of the House Science, Space and Technology Committee, George Brown (D-Calif.) held a press conference informing the administration that "the current Space Station Freedom design offers the only credible basis for redesign, and it is the only program I intend to support when the measure reaches the House floor." The committee bill authorizing the fiscal year 1994 NASA budget included full funding for the space station.

The redesign team presented three options to the White House on June 10, all of them surpassing the funding caps it had dictated. One week later President Bill Clinton announced his decision—a compromise with Congress—opting for a scaled-down Freedom design which was supposed to save about \$5 billion over the next five years. The annual funding would not exceed \$2.1 billion. Neither Congress nor the international partners in western Europe, Japan, and Canada would have supported any other proposed option. The new station proposal, referred to as Alpha, would use a modular design, introducing more flexibility into the sequence and timing of when each module is brought into space. The space agency had until Sept. 7 to put the details of the new station design onto paper.

When the new Alpha design was presented in September, it was one week after Vice President Albert Gore had met with Russian Prime Minister Viktor Chernomyrdin. NASA Administrator Daniel Goldin stated that the Alpha design "is compatible with Russian participation." Alpha now included the Russian Soyuz-TM, used to transport cosmonauts to the Mir, as an emergency crew return vehicle parked at the Alpha space station. It also included the possibility of a Russian Salyut craft as a space tug to be used as an in-orbit propulsion, guidance, and attitude control system.

But, as *Aviation Week* commented on Sept. 13, what the White House really wanted was a "unified" station combining some hardware from Freedom with the Mir-2 space station, which the Russians are now building. Alpha was presented as a design which would remain the same regardless of how much the Russians ultimately contributed to it. While the overall design might remain the same, the marriage of the two stations would mean that the Russian Mir-2 core would be in orbit before the U.S. module, five of the first six flights

would carry Russian hardware, and considerations, such as orbital inclination, would be dictated by Russian requirements.

How much support this Russian-American space station will garner in Congress is dubious. This year the annual amendment to eliminate the funding for the space station was defeated on the House floor by fewer than five votes. "Free market" Republicans teamed up with "austerity Democrats" and freshmen yuppie congressmen to nearly kill the space station. One question being asked by Congress is: How much support will the station garner when it involves giving the Russians money in order to buy space hardware that would have been produced by American aerospace workers who are unemployed?

What would happen if the Russians violated the MCTR agreement, and we ended the cooperation on a space station which depended upon the Russian contribution? What if political accommodation cannot be reached with the government of Kazakhstan, where the launch site at Baikonur is, or with Ukraine, which builds crucial components and launch vehicles? How much money will Congress be willing to invest to keep Russian space assets operating and out of bankruptcy? How feasible would this proposed marriage be between the Freedom and Mir-2 space stations?

Looking at our partner

There are two principal considerations in evaluating how intimate the cooperation on space technology should be with the Russians. There are technical considerations to determine what the best technology match would be, and how each side could benefit the most from joint work. There are also political considerations—this is not simply a matter of adding yet another international partner to a highly complex project. The breakup of the Soviet Union has had a profound effect on the former Soviet space program. More than a year ago, Soviet/Russian space expert Marcia Smith from the Congressional Research Service began warning that the problems of political uncertainty and funding in the Russian space program made it impossible to forecast what would happen or to make long-term plans. She has consistently warned against underestimating the level of chaos in the former Soviet space program.

One concern is the fact that Russia's main launch facility—its equivalent of Cape Canaveral—is at Baikonur in Kazakhstan. In February 1992, hundreds of Russian soldiers at the Baikonur Cosmodrome, 1,500 miles southeast of Moscow, rioted over poor food and bad working conditions, burning barracks and killing three people. The riot followed a strike by technicians at the Cosmodrome. The poor conditions are the result of both budget cutbacks in the Russian space program and the lack of clear lines of responsibility between the Russian and Kazakh republics. Two months later, Russian President Boris Yeltsin, observing a satellite launch at the Russian spaceport of Plesetsk, revealed that

the government of Kazakhstan would not allow the Russian government to launch the satellite from Baikonur. Although there have been proposals to turn the Plesetsk launch site in Russia, which has launched more than half of all Soviet spacecraft, into another Baikonur, this seems unrealistic in terms of the cost and time involved in duplicating the needed infrastructure.

The Aug. 31 issue of *Space News* contains comments by the director of the Russian aerospace design company NPO/Energia, Yuri Semenov, in response to demands that Kazakhstan have more control over the space launch facility. He appealed for calm and insisted that the Russian military retain control of the complex. The governments of the two republics have agreed that profits from Baikonur would go toward resolving problems in the nearby residential city of Leninsk, including "the renovation of the railroad, the plumbing, and so on." They have *not* agreed on the long-term administration of the launch complex and its facilities.

Since the dissolution of the Soviet Union, the military force operating Baikonur has been reduced from 30,000 to 5,000 men. The Russian military publication *Krasnaya Zvezda* (*Red Star*) reported last July that the defense ministers of Russia and Kazakhstan signed an agreement on July 1 on the stationing of Russian troops on the soil "of a friendly state's territory," but that other issues of joint responsibility for the launch complex and the town of Leninsk remained unresolved. The paper warned: "The present state of the Cosmodrome and of Leninsk is so dramatic that, unless prompt, decisive, and sensible measures are taken, the process of the collapse of a unique scientific and technical complex could become irreversible." So far about 40,000 people have left Leninsk, where the families of Baikonur personnel live. Before 1990 it had a population of 100,000. According to *Aviation Week*, there is a shortage of 2,500 military officers at the Cosmodrome itself.

Another crucial republic in the former Soviet space program is Ukraine, which produces the Zenit rocket, which the Soviets had planned to offer for commercial satellite launches in order to earn hard currency. The Zenit boosters are also used as strap-ons for the large Energia rocket. Military relations between Russia and Ukraine have been strained due to disagreements over control of the Black Sea Fleet, and in 1992, communications between Russian flight controllers and a Mir crew were cut when a Ukraine-based tracking station refused to cooperate with the flight control center, protesting low wages.

Cutbacks and political turmoil

The number of space launches this year from all facilities will most likely be half the average 100-plus launches per year of the late 1980s. In 1991 the total number was 59, compared to 75 the year before.

Over the past two years, the Russian manned space program has been dramatically affected by the cutbacks and

political problems in Russia. In 1991, cosmonaut Sergei Krikalev was "asked" to spend an extra six months aboard the Mir space station, when the arrival of his replacement was delayed because two flights had to be combined for financial reasons and a Kazakh cosmonaut was sent up as a political concession to that republic. During that mission, political unrest led to the closure of the tracking station in Tbilisi, Georgia and economic problems led the Russians to call the Mir ship tracking fleet back to port. This created a situation where the crew was out of touch with mission control for 9 hours a day. While the Soviet Union collapsed and talk of raising money by privatizing the space program abounded, the cosmonauts joked from orbit that, should the Mir be sold, they hoped the sale wouldn't include its crew. More recently, on Oct. 16, Reuters reported that the mission of cosmonauts Vassily Tsebliyev and Aleksandr Serebryov, who are aboard Mir now, will be extended from 146 to 195 days because the Russian Space Agency does not have the booster rocket to launch a mission to replace them. According to *Krasnaya Zvezda*, the plant that produces the rockets in Samara, about 560 miles southeast of Moscow, is on the verge of bankruptcy and had temporarily ceased production.

The Mir space station was launched to orbit on Feb. 19, 1986, less than a month after the Challenger explosion. Over the past year the cosmonauts have had to spend an increasing amount of their time—up to 80% by some estimates—on repairs, maintenance, and trouble-shooting. Next year the core module will reach the end of its projected lifetime and require significant investments just to continue functioning.

Russian space officials have complained to the press, and their American colleagues, that the programs are receiving less than half the amount of money requested from the government to maintain the infrastructure and capabilities that are the fruit of 35 years of investment in space technology.

Under these circumstances, what kind of space cooperation should we be pursuing?

Cooperation versus geopolitics

In June 1992, Presidents George Bush and Boris Yeltsin signed a five-year agreement giving the space agencies of each government broad authority to agree to cooperative efforts in space. This had come after two years of pressure on the Bush administration from the scientific community, NASA, the Pentagon, and Congress to reverse the Cold War exclusion of the Soviet Union from the international non-communist space community (see *EIR*, May 1, 1992, "The United States Must Save Soviet Science"). Also during that summit, NASA Administrator Dan Goldin and Russian Space Agency Director Yuri Koptev signed a \$1 million, one-year contract to evaluate Russian space hardware that could be useful to the United States. Also authorized was \$10 million to purchase some Russian hardware, such as the Topaz space nuclear reactor.

The following month, Goldin made a trip to Russia and

Ukraine and stated that flights of U.S. astronauts to the Russian Mir space station could be a "logical stepping-stone" to develop technologies and gain experience for Space Station Freedom. The details for cooperation between the world's only two manned space programs were delineated in an October Human Space Flight Agreement, and included the flight of a Russian cosmonaut on a Space Shuttle mission in late 1993 (the flight has been postponed to early 1994), and a three-month stay of a U.S. astronaut aboard the Mir in 1995, during which the Space Shuttle Atlantis would dock with the Mir. U.S. experiments would be flown on the Mir, to upgrade its scientific research. The projected cost to the United States for this use of the Mir station was estimated at \$100 million.

Eight months later, in March 1993, the Clinton administration came to an agreement with Russia on an element of space cooperation crucial to the Russians, which would bring in hard currency, and which the U.S. used as a bargaining chip in the MCTR negotiations. The United States would allow the Russians to enter the commercial launch market to bid on international satellite launches, with the constraints of eight commercial launches up to the year 2000, no more than two per year, and the agreement that they would not charge less than 7.5% below western launch prices.

Over April 3-4, Yeltsin and Clinton met in Vancouver while NASA was in the throes of the space station redesign. Yeltsin accepted Clinton's invitation for Russia to send a team of space experts to Washington to give advice on the redesign, and a commission for ongoing space cooperations was established. The Russians had begun building the core module for the Mir-2 station, which was designed to replace the aging, seven-year-old Mir. They were clearly concerned about how they would have the resources to launch, operate, and maintain it. A month before the Vancouver summit, Russian Space Agency head Koptev and NPO/Energia director Semenov wrote a letter to Dan Goldin proposing to merge the U.S. and Russian space station. Further, the *Washington Post* reported on April 15, that Goldin invited Russian participation in the station, because as the redesign progressed, he knew the funding constraints from the White House were impossible to meet. The comment was made that, in terms of foreign policy, space cooperation offered almost the only comfortable arena for discussions between equals.

In May, *Space News* reported that the Russians were pressuring the U.S. for closer cooperation on the redesigned space station. The Russians informed a U.S. team visiting Moscow that they would give the Americans until June to decide on Russian space station participation. After that, they warned, they would proceed with their own plans for Mir-2. After months of wrangling, on July 16 the Russians agreed to halt the sale of liquid hydrogen rocket engine technology to India and abide by the MCTR, and in return the U.S. signed agreements that finalized the details of the commercial launch agreement, which promised \$100 million for Russian space cooperation over each of the next four years and which

stated that by Aug. 31 NASA would specify its offer for Russian participation in the space station.

The Gore-Chernomyrdin meeting

On Sept. 2, a week before NASA was to release the detailed design for the Alpha space station, a meeting took place in Washington between Vice President Gore and Russian Premier Viktor Chernomyrdin. The meeting had been delayed for months awaiting agreement on the MCTR. The two co-chairmen of the Intergovernmental Russia-American

Space expert Marcia Smith stressed in congressional hearings that "merging NASA's space station with Russia's, and more importantly with U.S. foreign policy issues, seems to be a path with notable obstacles and questionable chances of success."

Commission on Cooperation in Space and Energy announced that cooperation would be pursued in accordance with certain principles, including the operation of the U.S.-led space station "in an orbit which is accessible by both U.S. and Russian resources."

This was quite a shocker for the U.S. Congress. This one little phrase, making the station accessible to Russian resources, could have a profound impact: It would mean placing the space station in a significantly different Earth orbit than the Alpha design had assumed, in order to accommodate Russian launch vehicles. Space hardware launched from Cape Canaveral in Florida obtains an orbit in space that is inclined 28.5° to the equator, allowing the Shuttle to fly over water before reaching orbit, instead of over land, making it safer and allowing the first-stage solid rocket boosters to fall into the ocean and be recovered. This means that while in space, it passes over the region of the planet spanning 28.5° N latitude to 28.5° S.

Spacecraft launched from the Baikonur Cosmodrome, including all manned Russian spacecraft, are generally placed into an orbit that is inclined more than 50° to the equator, in order to avoid flying over Chinese territory. Such a highly inclined orbit enables the spacecraft to view more of the Earth. From the 51.6° orbit which the Russians have suggested for the Mir-Alpha station, nearly all of the inhabited parts of the globe would be visible. Taking advantage of this fact, the Russians have planned to stress Earth remote-sensing as a focus for Mir-2. The U.S.-led international space station has focused on microgravity studies for materials science and the biological and medical sciences, for which it is

irrelevant what parts of the Earth the spacecraft overflies.

The congressional reaction to this proposal to change the orbit of Alpha was immediate. A major reason is that the Space Shuttle cannot carry as much payload to the higher orbit as it can to the one it was designed for. U.S.-built modules for the Alpha station have already gone past the best-case 37,800-pound payload lift capacity of the Shuttle. Moving from a 28.5° orbit to a 51.6° orbit will lose 11,900 pounds in payload capacity. Proposals have been made to change various pieces of Shuttle hardware to accommodate more payload, but all of these—which include an advanced solid rocket motor and a lighter aluminum lithium external fuel tank—introduce new hardware, and therefore, added risk, to the Shuttle program. In early October, Congress cancelled the advanced solid rocket motor program to save money.

The proposed Mir-Alpha station assembly sequence would orbit the Mir-2 core module at least one year before the first U.S. Alpha module. Russian space expert Marcia Smith from the Congressional Research Service described how this would make the U.S. a "tenant" on a Russian space station. Within days of the Gore-Chernomyrdin announcement, veteran Johnson Space Center mission operations director Eugene Krantz and astronaut David Leetsma, who directs flight crew operations, questioned the proposal from the standpoint of operations and safety. Who will be in charge of this Mir-Alpha station? Will mission control be in Houston or Russia? they asked. If the module is Russian and the launch is from Russia, whose space station and responsibility is it, anyway?

The Russians were elated at the announcement. On Sept. 16 Russian Space Agency head Yuri Koptev held a press conference in Moscow. After stating that his agency is receiving only 43% of its required funding from the state budget, Koptev remarked, "I've said before and I'm going to repeat it: It's an open secret that the economic difficulties that we are living through today will not be over soon. . . . The question is, can the state preserve the space sector. . . ? We are confident that if we cannot find worthy and interesting projects that could involve our industry in tasks for the benefit of our partners or joint projects, *which could be duly financed by the partners*, we will not be able to preserve our space sector" (emphasis added). Koptev stated that the first phase of the Mir-Alpha station would be the launch of Mir-2, and that, in the second phase, it would become an international station. Koptev was clearly confident that the United States could not come up with the money to build the Alpha station, and assured the press that all the details could be worked out.

The new concept of the space station made the international partners quite nervous. In a statement issued on Sept. 22 following a meeting in Paris, the European Space Agency stated that at the time of the redesign in early 1993, Europe "identified space hardware and software that are or might be developed by the European partner such as the Ariane-5

launch vehicle, an Automated Transfer Vehicle, an Assured Crew Return Vehicle, and the Earth ground infrastructure.” Now, it was being proposed that the U.S. would buy much of this hardware from the Russians. “It is clear that a consensus among all existing partners is a prerequisite” the statement warned.

On Sept. 27 the ranking majority and minority members of the House committees that authorize and appropriate funding for NASA wrote a strongly worded letter to the administration, insisting that the U.S. “maintain an independent capability to complete and operate the space station at all times.” This would not be possible with the White House proposal. They criticized the idea of putting up the Russian Mir-2 module first and urged a compromise on the question of orbital inclination. At a series of hearings by the space subcommittee of the House Committee on Science, Space and Technology Oct. 6 and 14, congressmen and witnesses expressed opposition to this proposed marriage of the U.S. and Russian space stations.

Whose space station is it, anyway?

Two space experts, in particular, expressed serious reservations of this radical plan. Aerospace engineer James Oberg, who has authored numerous articles and books on the Soviet space program, warned that the Russians may be offering things they do not or will not have. He made clear that he is not ideologically opposed to joint work and had in fact been advocating closer cooperation “long before it was politically correct.” But he cautioned that the recent physical and political state of the Baikonur Cosmodrome facility in Kazakhstan was quickly deteriorating and that it “would be an unreliable basis on which to plan future joint activities.” He has described the very poor living conditions in Leninsk, and expressed his doubt that Baikonur’s technical personnel were able to concentrate their thinking, when they have to worry about an unreliable supply of hot water and electricity, or the growing problem of street crime. Oberg also emphasized his finding that, due to budget constraints, the Russians had dropped the practice of preparing two Soyuz spacecraft for launch at the same time for manned missions, in order to keep one at the ready, if needed, to carry out “rescue missions.”

Marcia Smith presented the most straightforward summary of the NASA options being considered. The first option she described as the American/Russian option, where Russia supplies hardware, such as a Salyut spacecraft as an in-orbit space tug, and a Russian Soyuz spacecraft parked at the space station as an Assured Crew Return Vehicle for emergencies. The most controversial option is what she called the “Russian/American,” or Gore-Chernomyrdin option, which she described as “a Russian space station built on a partnership with the United States and presumably” with the other international partners. The most important issue, she said, is that the Russian/American option “was fundamentally a foreign

policy decision, not a choice based on space policy.” The major objective was to induce the Russians to sign the MCTR, and “other objectives apparently included ways to support Russia economically.”

Smith pointed out that the \$400 million promised to the Russians so far did not include any portion of the over \$3 billion of what the Russians estimate Mir-2 will cost, for which they have stated they would like the U.S. to pay half. She stated that there are “significant disadvantages” to the proposal: One is what will happen if the Russians violate the MCTR, and in terms of adhering to military treaties, she said, the “precedent is not encouraging.”

Another concern is the political instability in both Russia and Kazakhstan, which “is not a given there,” she cautioned. Third, she echoed Oberg’s concerns about the physical deterioration at the Cosmodrome “raising concerns about the health and physical infrastructure needed to accomplish the program” into the next century.

Smith summarized for Congress the alternatives she presently sees: “If the goal is to build a space station, the simplest choice, clearly, is to proceed with Alpha. Russian space hardware could be purchased whenever it presents a better value. . . . These technical and cost choices would be within NASA’s sphere of control, relatively independent of foreign policy considerations.”

She continued: “An alternative would be to cancel the U.S. space station program and let NASA become an anchor tenant on a new Russian space station,” which is essentially what has been proposed. She stressed that there are other avenues through which support can be given to the Russian space effort, such as the hardware purchases that have already been agreed to, but that “merging NASA’s space station with Russia’s, and more importantly with U.S. foreign policy issues, seems to be a path with notable obstacles and questionable chances of success.”

During the Oct. 14 hearing on U.S.-Russian space cooperation, NASA Administrator Dan Goldin mistakenly described as “geopolitical” the “space race” between the U.S. and the Soviet Union in space technology and exploration from the 1957 launch of Sputnik through the collapse of the Soviet Union. One could more aptly describe that period as a politically motivated competition between the two superpowers to demonstrate each nation’s prowess in this new field, especially to other nations. Each country strove for superiority in science and technology, and built up its own industrial and technology base through its investments in aerospace technology.

The proposal today to reward Russia for good behavior on military treaties through space cooperation, which *subordinates* U.S. science, technology, and economic considerations to supposed foreign policy goals, and puts at risk the most important technology-driver for the U.S., European, and Japanese economies, *is* geopolitics. This kind of gambit could destroy the U.S. space station.

Neo-Nazis, the Anglo-Americans' catspaw

The report in the following pages, written early in 1993 by American investigative journalists, rips the false face off Germany's "neo-Nazis"—the murderers and arsonists who have been tearing up German society since the fall of the Berlin Wall in 1989 and Germany's reunification the following year.

The report exposes the neo-Nazis as useful tools in a deliberate, calculated project to sow social chaos within Germany, and to sow anti-German paranoia abroad. The plot is being steered by British and American interests who are dead-set on preventing the formation of a bloc of European and Asian nations powerful enough to break the stranglehold of Anglo-American financial power over continental Europe. As confirmed once again in the just-released memoirs of former British Prime Minister Margaret Thatcher, these circles live in mortal fear that such an alliance would simply dump geopolitics altogether and launch a renaissance of economic development the likes of which the world has never seen.

The report quotes directly from the Anglo-American perpetrators of this neo-Nazi project. It describes the careers of the main neo-Nazi figures, ranging from Gary Lauck to David Duke, showing in detail their relationship to western intelligence agencies, and the direct collaboration of the project with communist intelligence agencies.

A more comprehensive German-language version of the report was first published by *EIR* Nachrichtenagentur in June 1993, as part of a book-length study titled *Strategie der Spannung (Strategy of Tension)*. Since then, the exposé has drawn favorable responses from German and other European law enforcement authorities, some of whom have thanked *EIR* for assembling for the first time an authoritative analysis of that violent criminal movement, whose rather evident transatlantic origin had seemed too sensitive a topic for honest discussion in the news media.

The release of Thatcher's memoirs has now thrown dramatic new light on the report's basic hypothesis. Thatcher's confessions show her to have been the most



This collection of neo-Nazi propaganda was taken from a 1977 report of the German Office for the Protection of the Constitution. The "NS Kampfruf" and the material just below it come from Gary Lauck's U.S.-based Nationalistische Deutsche Arbeiterpartei—Auslandsorganisation.

fanatical of western leaders in trying to prevent the fall of communism and to halt the unification of Germany, out of fear that this would diminish British power in Europe.

The Italian daily *Corriere della Sera*, previewing the memoirs on Oct. 10, observed that Thatcher had evidently "tried all diplomatic means at her disposal to block German unity" beginning in August-September 1989. Thatcher admits that it was her fundamental conviction that "by its very nature, Germany . . . is a destabilizing force rather than a stabilizing one within the European configuration." In pursuit of her goal, she admits to having sought to sow dissent between Germany and France, in order to break the historic ties which date back to the Franco-German friendship between German Chancellor Konrad Adenauer and France's Charles de Gaulle. Thatcher's circles view such an alliance as a threat to Anglo-American control over continental Europe, and have attempted instead to create a new "Entente Cordiale" between Britain and France—i.e., the same geopolitical array which led directly to World War I.

Thatcher was only confirming what *EIR* had been saying at the time these events were unfolding in 1989. The report below describes the public emergence in late September 1989, of the CIA's new "Webster Doctrine" targeting Germany, with open collaboration between the CIA and the KGB, according to which Britain's and America's new enemies were its "economic competitors" Germany and Japan, whereas all efforts were to be undertaken to bolster the Soviet regime of Mikhail Gorbachov.

Thatcher and President George Bush's efforts to save the communist regime were a miserable failure. However, the ensuing political chaos offered possibilities to ruin continental Europe from within, saddling it with huge payments for senseless war against Iraq, and then fomenting a genocidal war in Europe itself, in former Yugoslavia. Within Germany, the influx of foreign refugees offered opportunities to stage some kind of re-run of 1931-33, when British and American bankers financed and armed the original Nazis and backed Adolf Hitler's takeover of Germany. That is a story which has been well documented in other locations (e.g., Webster Tarpley and Anton Chaitkin, *George Bush: The Unauthorized Biography*, Washington, D.C.: Executive Intelligence Review, 1992, chapters 2 and 3; and Anton Chaitkin, *Treason in America: From Aaron Burr to Averell Harriman*, New York: New Benjamin Franklin House, 1985, chapter 19, "The Partnership of Harriman and Dulles").

Meanwhile, the Anglo-American-controlled media have mounted one of the vilest media propaganda campaigns to spread paranoia internationally about the alleged resurgence of a "Fourth German Reich." The *Sunday Times* of London editorialized on Nov. 12, 1989, that the fall of the Berlin Wall three days earlier was "the first step towards the creation of a 70-million-strong Fourth German Reich." It is instructive to observe that this propaganda offensive began *immediately* following the fall of the Berlin Wall; the purpose was therefore not to decry, but to *set the stage* for the subsequent rise of right-wing violence in Germany—violence guided by

the same Anglo-American networks which churn out this propaganda.

The organized crime-linked masonic organization of the Anti-Defamation League of B'nai B'rith (ADL) has also been a useful tool in this cynical "Fourth Reich" anti-German propaganda campaign. One of its leading promulgators has been liquor baron Edgar Bronfman, head of the World Jewish Congress and a top leader of the ADL. Bronfman kept it going even after the German-Jewish publication *Semit* exposed his bargain for a huge whiskey sales deal with East German communist boss Erich Honecker, while Bronfman was lobbying to save Honecker's dictatorship.

Recently, the WJC-ADL's "Reichstag fire" antics became too much even for Germany's Chancellor Helmut Kohl to stomach. The WJC had issued a demand that Kohl stop promoting Steffen Heitmann, the conservative justice minister of the eastern German state of Saxony, to become the next federal President after President Richard von Weizsäcker retires. "That is for the Germans to decide," Kohl snapped back, "and I don't need any lectures from the World Jewish Congress. I would advise everyone abroad not to get involved in this because then we would have to talk about a lot of other things—for example what the World Jewish Congress did against German unity at the moment of German unification."

In past times, the ADL has also been caught red-handed in efforts to promote neo-Nazi violence in the United States, and although the *EIR* report cites no examples of the same thing in Germany, direct ADL involvement in promoting German neo-Nazism is at the very minimum a fruitful line of investigation.

In short, the following report aims at destroying the credibility of the neo-Nazi movement as a domestically spawned "sociological phenomenon." Like their establishment sponsors, and like the original Nazis, the "neos" are pagan New Agers, and many are satanically homosexual. But as insane and farcical as many aspects of these neo-Nazis may seem, they are pawns in a deadly game similar to the ones played by Britain in 1912-14 and 1931-33, causing two catastrophic world wars in this century. Perhaps it is time they were put out of business, so that this century does not end with yet another world war.

Russian neo-Nazis help create 'democracy'

Since the report's release, the events in early October in Russia have shed an even stronger light on the way neo-Nazis are being used as pawns to manipulate events and how they are perceived internationally. As Moscow City Council member Viktor Kuzin pointed out during his tour of the United States (see p. 63), there is indisputable evidence that these Russian neo-Nazis were deliberately deployed by the backers of "democratic President" Boris Yeltsin in order to provoke the armed clashes on Oct. 3, thereby providing an excuse for shutting down the ostensibly "fascist putschists"

of the Russian Parliament and arresting Parliament Speaker Ruslan Khasbulatov and Aleksandr Rutskoy, whom the Parliament had elected to replace Yeltsin as President.

According to numerous accounts, at the head of the mob which came to the defense of the White House, and which led the bloody attack on the Ostankino television building, were members of 1,500-strong private army of the neo-Nazi Russian National Unity (RNU), all of whom were well armed and sported modified swastikas on their uniforms.

Who invited these highly unwelcome guests to defend the Parliament? Certainly not the members of the Parliament themselves. In fact, during the weeks leading up to the clashes, it had not escaped observers' notice that the RNU, which is officially registered with the office of the *pro-Yeltsin* mayor of Moscow, Yuri Luzhkov, never seemed to have any problem obtaining permission to hold public gatherings, whereas others were refused. Moreover, the RNU shocktroopers have been able to carry out paramilitary training and target practice on the grounds used by the Moscow Police.

It is also worth noting that although many democratic groups have now been effectively banned by Yeltsin's regime, the anti-Semitic National Patriotic Front has continued to enjoy full freedom to agitate and get publicity.

There is strong evidence that the RNU was created and is being sustained by both domestic and foreign intelligence services. Its leader, 40-year-old Aleksandr Barkashov, the son of a top former Communist Party functionary, spent his time before the collapse of communism training Arab commandos for terrorist actions against Israel—thus placing him directly in the same milieu as the infamous covert CIA operations specialist Theodore Shackley, who figures so prominently in the following report.

The weekly German magazine *Der Spiegel* reported on Oct. 18 that the RNU has been holding joint meetings with the outlawed German neo-Nazi organization National Offensive, a terrorist group which is known to have acquired weapons and bomb-making equipment from the Russian military bases which will remain in operation in eastern Germany until the last Russian troops are withdrawn, which is supposed to occur next year. Such international meetings, as one expert Russian observer pointed out, could not possibly have been arranged by these groups themselves. In March 1993, the National Offensive created a furor in the eastern German state of Saxony when it became known that Christine Ostrowski, head of the Democratic Socialist Party (the new name for the old East German communist SED party), had met for many hours with a top National Offensive leader for "objective and peaceful discussions" about their respective anti-capitalist programs, during which they agreed that their social programs "coincide completely, down to the specific wording," according to Ostrowski. Meanwhile, another former SED functionary, Thomas Dienel, has founded yet another new German neo-Nazi group, the German National Party.

Anglo-American motives and personnel behind Germany's neo-Nazi gangs

by an EIR Investigative Team

The breakup of the Soviet bloc and the reunification of Germany were not greeted with universal enthusiasm in the West. Both before and after the fall of the Berlin Wall, certain commentators in Britain, and Americans who think like Britons, declared that a Hitlerian "Fourth Reich" would arise from the collapse of communism and the end of the division of Europe.

Perhaps the most candid public statements of this viewpoint were made by London *Sunday Telegraph* editor Peregrine Worsthorne. The stepson of Montagu Norman, who from 1920 to 1944 was governor of the Bank of England, Worsthorne praised and reiterated the strategy of his stepfather, who was notorious as the chief of the pro-Hitler faction in the British government of the 1930s. Worsthorne explained that a democratic, peaceful Germany would be a menace, whereas a nazified Germany would be weak and more easily crushed.

In the *Sunday Telegraph* of July 22, 1990, Worsthorne wrote: "My stepfather, Montagu Norman . . . lived just long enough to see the earliest beginnings of the German economic miracle after the Second World War. Norman . . . [said] shortly before his death: 'I always knew we would beat the bad Germans; but I wish I could be so sure that we will do as well against the good Germans.'

"Forty years later it is all too clear what he meant. So long as the Germans relied upon the vicious side of their national character to bring them European supremacy, Britain would always prove their match. What a different story it would be if they learnt the wisdom to tap their virtues instead. How right Norman has proved to be. For 40 years, the Germans have not put a foot wrong. They have been peace-loving, democratic, internationally cooperative, domestically industrious and civilized—a model nation indeed—and as a result are now by far the strongest country in Europe. . . . How irrelevant, then, are all those articles tiresomely informing us of how little contemporary Germany has in common with Hitlerite Germany. . . . [This] noble transformation may not have put an end to the German challenge; may, indeed, have made it worse. . . . From 1870 to 1945, united Germany was a giant with . . . a fatal flaw of character. Now it is a giant again—without any such fatal handicaps; potentially, therefore, a more formidable giant than ever. . . . That was precisely my stepfather's point:

that the burden of Germany's virtues might bear down upon Britain even more heavily than the burden of Germany's vices."

Montagu Norman was the principal architect of British support for the Adolf Hitler dictatorship over Germany from 1933-39. Norman was the mentor and world banking coordinator for Nazi Economics Minister Hjalmar Schacht, and was the British anchor for certain 1930s Wall Street backers of the Hitler ascendancy. And at the end of World War II, in order to cover up their own enthusiastic financial and political backing for Hitler in the 1920s and '30s, it was Norman and his collaborators who initiated the theory that the entire German population was guilty for the crimes of the Nazis.

The Webster Doctrine

The idea that a peaceful, democratic Europe would be a menace, a "challenge" to be countered by Anglo-American capabilities, had been presented as a policy perspective long before the above-cited Worsthorne piece. William Webster, director of the Central Intelligence Agency, startled many observers with his Sept. 19, 1989 speech proclaiming what became known as the Webster Doctrine. Webster indicated that the CIA was moving away from primary focus on the Soviet Union, and toward greater concentration on the alleged threat posed to the United States by "economic competition" from its allies. The London *Guardian* reported that the CIA chief's comments "intrigued Western European and Japanese diplomats in the United States by hinting that traditional allies who are also economic rivals are becoming intelligence targets." The new line of departure echoed classic British Empire geopolitical concepts.

Speaking to the World Affairs Council in Los Angeles, Webster stated: "Our political and military allies are also our economic competitors. The national security implications of a competitor's ability to create, capture or control markets of the future are very significant. . . . The intelligence community looks at these developments from a strategic perspective, examining what is occurring, the forces at play and the ways that actions taken abroad can directly and indirectly affect our national security interests."

A week later, the French newspaper *Le Figaro* summed up Webster's pronouncements with the headline, "Our Allies Are Going to Become Our Targets." *Le Figaro* noted that all



Some examples from the British daily press showing the hysteria with which leading British circles reacted to the fall of the Berlin Wall in 1989.

U.S. intelligence agencies were being put on an appropriate footing to deal with the challenge enunciated by Webster.

On April 12, 1990, Webster made public that he had promoted CIA veteran Gary E. Foster to CIA deputy director and named him head of a new Directorate V for economic intelligence against industrial rivals of the United States.

The unofficial civilian coordinating institution for implementing the anti-German Webster Doctrine was a new Washington think-tank, the Center for Security Policy. Created in 1988, the center's board of directors reads like a roster of the criminal Iran-Contra CIA network of the Reagan-Bush administration. It includes Iran-Contra protagonists Elliott Abrams, Stephen Bryen, Fred Iklé, Jeane Kirkpatrick, Richard Perle, former deputy CIA head Howard Teicher, and former Swiss ambassador and Oliver North intimate Faith Whittlesey.

On Sept. 5, 1991, the center issued a press release provocatively entitled, "The true German export control policy: profiteering at the expense of Western security," which accused the government of German Chancellor Helmut Kohl of "chronic, if not wanton, disregard of elementary technology

security." It demanded that President Bush "impose import sanctions against German companies judged to have violated regulations controlling exports."

Ted Shackley's new mission

Another CIA "old hand" from the Iran-Contra days who is active in the new espionage mission against European and Japanese industrial groups is former CIA Deputy Director for Operations Theodore Shackley. Shackley warned the annual convention of the Association of Former Intelligence Officers on Sept. 29, 1990 in Washington, that "Germany cannot be allowed to dominate Central Europe." He declared that the U.S. intelligence services should use eastern Europe as a "window" to conduct espionage against western Europe.

Ted Shackley's career has crucial relevance to all the chess pieces on the board in the current strategy against Germany. Shackley was the boss of covert operations at the CIA's Miami, Florida station in the period following the 1962 Bay of Pigs adventure. Cuban exiles and others trained in assassinations, terrorism, and drug smuggling became Shackley's permanent squad of operatives. This Shackley machine moved on to Southeast Asia, where it was widely alleged to be conducting very large-scale narcotics trafficking utilizing Meo tribesmen in Laos. Shackley's Caribbean henchmen burglarized the Democratic Party's Watergate offices in 1972.

Shackley later emerged as one of the central figures in the Iran-Contra scandal of the 1980s, with his squad active in Middle East and Latin American covert operations under Vice President George Bush's supervision. Shackley was a personal consultant to Bush in Bush's 1980 presidential election effort.

Shackley and his colleagues procured weapons from East German communist channels for their Iran-Contra adventures in Central America. These corrupt East-West channels continue to be of great relevance to the political drama now unfolding in Germany after reunification.

An American Nazi visits Germany

"We supply propaganda materials to the National Socialists, also known as neo-Nazi underground, in the various European countries. We produce the propaganda because they can't legally produce it in most situations."

These are the words of Gary Rex Lauck, in an interview with *EIR* reporter Anton Chaitkin on Jan. 19, 1993. According to his own statements, which correspond to reports by the German government, *Lauck has supplied about 90% of all the "neo-Nazi" and white supremacist propaganda that has been distributed inside Germany over the past 15-18 years.*

Gary Lauck is a native of the United States who resides in Lincoln, Nebraska. He tries to appear to be a German national, speaking sometimes in an imitation German accent, and assuming the pseudonym "Gerhard."

Abraham H. Foxman
National Director

ADL
Anti-Defamation League®

You've heard about racist, violent Skinhead youth gangs.
They are revitalizing hate groups like the Ku Klux Klan.
Neo-Nazi Skinheads aren't playing adolescent games.
They are armed. They kill people.

ADL's work includes active resistance and counteraction against haters and bigots. And our 30 regional offices closely monitored the emergence and activities

target the Schools" details their murderous training, and their recruitment efforts in our information on current membership in the linked to Skinheads.



I want to join the ADL in its fight against the Klan and other hate groups.

The Anti-Defamation League's fight against racism, bigotry and anti-Semitism is vitally important to all Americans. I want to help support ADL's programs to strengthen democracy and justice.

I have enclosed my tax-deductible contribution of:

\$25 \$50 \$100 \$250 \$500 \$1,000 \$_____ (other)

Please make your check payable to the Anti-Defamation League and enclose this form in the envelope provided.

The U.S. Anti-Defamation League has used such mailings as this to bilk those who might be so credulous as to believe that the ADL is serious about opposing neo-Nazis and racists. The ADL's fraud was exposed for all to see when it rose in defense of Ku Klux Klan founder Albert Pike.

In September 1979, a German court convicted six neo-Nazis of terrorist crimes including bank robbery, assault, and weapons thefts, planned by their leader Gary Lauck. This was the first major trial of neo-Nazis by the German Federal Republic. Already by 1979, Lauck himself had been arrested twice and had spent four months in a German prison for distributing Nazi propaganda to the terrorist movement. Lauck was given a safe conduct pass and a promise of immunity so that he could enter Germany again and testify for the defense at the 1979 trial.

The court concluded that the terrorists had acted under Lauck's orders. After the convictions, the court told Lauck that if he ever re-entered Germany, he would be arrested and prosecuted for perjury, for falsely testifying that his neo-Nazi movement was "non-violent."

Germany's ban on Lauck, designating him a terrorist and criminal mastermind, has not put a crimp on his activities. The Omaha, Nebraska *World Herald* reported on Aug. 8, 1982 that "when a 26-year-old gunman [referring to Helmut Oxner] killed himself and three foreigners recently at a discotheque in Nuremberg, West Germany, his pockets contained Nazi decals and stickers with a Lincoln, Neb. address printed on them. That came as no surprise to Gerhard Lauck, an avowed Nebraska Nazi, who told the *World-Herald* he is proud to be making Lincoln a 'notorious location' in the minds of Europeans. In a telephone interview from Chicago,

Lauck, 29, said the amount of propaganda he is sending into West Germany can be measured in 'tonnage,' and all of it carries the number of his Lincoln post office box. . . . West German officials, who refer to the 'Nebraska connection' in reference to Nazi propaganda, have termed Lauck the major supplier of Nazi literature to their country—a fact he cheerfully acknowledged."

Since the fall of the Berlin Wall and the announcement of the Webster Doctrine, the movement which Lauck helps to lead has dramatically escalated its attacks within Germany. Arson, bombings, murders, and other racial attacks have horrified the world, and have brought demands for punishment and retribution against Germany.

Yet Gary Lauck is not an "underground" figure within the United States of America. He operates with the full permission of government authorities. His organization is a non-profit corporation in the state of Nebraska, with the official title of Nationalsozialistische Deutsche Arbeiterpartei Auslandsorganisation (acronym NSDAP-AO). This translates as National Socialist Party of Germany—Foreign Organization.

The deliberately false name, making it seem to be a branch of a German organization, was accepted and registered on March 26, 1974 by the secretary of state of Nebraska, Allen Jay Beermann. Registration is essential for the creation of bank accounts and other business activities. Beer-



American intelligence asset and neo-Nazi Gary Rex Lauck (right) poses with Austrian contact-boy Gottfried Küssel.

mann told *EIR* that the decision to register the Lauck Nazi organization had been made jointly by himself and other government leaders including law enforcement officials.

Overthrowing a foreign government by riots and civil war, in order to commit mass murder, is not a lawful purpose for incorporation under the laws of Nebraska or any other state. So in their official incorporation papers, Lauck's group stated that their purpose was "to advance the study of the problems of the peoples and nations of all areas, including but not limited to the Federal Republic of Germany, by means of cooperation with other political organizations not created for propaganda purposes, and by evoking attention to these problems on the part of others, and by means of such research and educational methods as may be engendered through language and other schools. To conduct seminars, international conferences, and research into educational methods; to organize discussion conferences, study groups and publications; and to use other lawful, appropriate and genuine means for the attainment of these purposes."

Though the Lauck organization's criminal adventures over the past two decades have clearly departed from this official description, the Lauck enterprise is still treated as an amusing novelty within the United States. Nebraska state officials laugh at the distress caused by Lauck's organization in other nations, at the murders and racial terrorism. Lauck is considered "funny" by government lawyers, and by newsmen who have regular, amiable chats with Lauck. The Federal Bureau of Investigation monitors Lauck's every move, but his activities are considered perfectly legal and not to be disturbed in any way.

In his Jan. 19, 1993 interview with *EIR* reporter Anton Chaitkin, Lauck spoke freely about his philosophy and aims,

but was extremely reticent to discuss his relations with the United States government. He stated that, sometime after he began affiliating with neo-Nazism in a Nebraska high school, he was appointed to attend the United States Military Academy at West Point, but he declined to accept the appointment. Asked which United States senator or congressman had appointed him, Lauck refused to name the official. He said it was a political friend of his father, and that "my family had some influence."

At the time of this West Point nomination, Lauck's father, Francis Lauck (now deceased), was a teacher at the University of Nebraska's Lincoln campus. Gary Lauck claims that his father "wasn't political." But in fact, Francis Lauck was a co-incorporator of the neo-Nazi "NSDAP-AO." According to Gary Lauck's published statements, personnel at the University of Nebraska continued to provide support for the neo-Nazi enterprise after Francis Lauck left the university in 1972.

The American training ground

Many of the white supremacists who committed violence in the 1992 German riots were trained by the American Ku Klux Klan (KKK). Key groups of the violent German neo-Nazi milieu, including the Nationalist Front of Meinolf Schönborn, the National List of Christian Worch, and the German Alternative of Frank Hübner, had direct contact with KKK envoys from the United States who instructed them in underground combat techniques and arson attacks. The group of Schönborn, which emulates the infamous Sturmabteilung (SA) street violence and terrorism of the 1920s and early 1930s, is the subject of an official probe under Article 129 of the German Penal Code, for involvement in the creation of a terrorist group, as is a specific KKK group headed by a U.S. citizen named Dennis Mahon.

In an official reply to a parliamentary question in the summer of 1992 from the opposition Social Democrats, the German government quoted evidence from a report of the security agencies on findings related to a KKK underground group near Berlin.

A police search of the group in Königs-Wusterhausen produced material such as pipe segments, chemical substances, and explosives, ostensibly to be used for the building of bombs, as well as pamphlets calling for "armed struggle" against the government and institutions of Germany.

A German member of the KKK was involved in a brutal Berlin killing on Aug. 29, 1992, according to a November 1992 police report from the German capital that lists incidents of racist violence. Two skinheads beat and stabbed two homeless persons, injuring them so badly that one of them died a week after. One of the two skinheads confessed to being a member of a KKK section in Berlin.

The police report re-fueled public interest in the role of KKK leader Dennis Mahon of Tulsa, Oklahoma. Mahon is on public record from a number of interviews in which he

declared he had been in Germany in the summer and early autumn of 1991, instructing skinheads and young German neo-Nazis in techniques of combat, racist violence, and underground struggle against the state.

U.S. intelligence links

Like Gary Lauck, Dennis Mahon has not hidden his transatlantic crusade for racial terrorism. Mahon and Lauck have appeared together on television shows, boasting of their success in provoking riots and destabilizing Germany.

In an interview with *EIR*'s Chaitkin on Jan. 18, 1993, Mahon described his training by U.S. military and intelligence authorities, and his anti-German cooperation with members of the East German communist secret police, the Stasi.

Dennis Mahon was born around 1949. He grew up and went to school in Rockville, Illinois. He was in the U.S. Coast Guard, 1971-74, during which time he went to what he described as a "secret school" of the U.S. Navy in Jacksonville, Florida, which he said he could not discuss. He also attended a Navy aircraft-related technical school, and took other U.S. Navy training. Mahon studied electronic countermeasures, useful in espionage and "irregular warfare" enterprises. He flew as a crewman in U.S. surveillance aircraft searching for Soviet nuclear weapons, identifying the radiation coming from Soviet nuclear warheads on ships in the Caribbean Sea.

While in the Coast Guard, Mahon says, he worked with anti-Castro Cubans. Mahon acquired a bomber airplane and attempted to secure heavy bombs to attack Fidel Castro's residence and kill Castro. The correct type of bombs could not be secured, and the plan fell through. He says that two Cubans with whom he had been working were found dead in the wreck of the plane he had acquired, with "3,000 pounds of marijuana." He says he had nothing to do with the narcotics mission.

These bizarre, unsuccessful anti-Castro activities during the early 1970s fit in with the Shackley group's *modus operandi*. And Mahon's own views with respect to Fidel Castro are not surprising, given the East-West condominium arrangements of the past decades: Mahon says that he admires the Cuban dictator as a man who has "stood up to the international bankers."

Between regular military and naval intelligence assignments, Mahon worked as a mechanic for almost all of the major U.S. airline companies, with easy access to the world's airports and free travelling.

He was again in the U.S. Navy 1976-78, at times working out of the Whidby Island U.S. Navy base in Puget Sound, Washington State.

Mahon joined the Florida National Guard in 1980. He was assigned to receive the "Mariel" boat-lift from Cuba: thousands of refugees whom Castro had found undesirable, including homosexuals and those with long criminal records.

But such people could be useful to the Shackleyites.

In 1980 and 1981, a strange group of Ku Klux Klan leaders such as Don Black, most with U.S. covert-services backgrounds, attempted to launch an invasion and coup from New Orleans against the Caribbean island nation of Dominica. The plan broke down (perhaps because there were so many intelligence and secret police agencies involved that it became over-complicated), and participants were arrested. KKK Grand Wizard David Duke later defended the planned action as a trial run for the Reagan-Bush invasion of Grenada in 1983.

Dennis Mahon says that it was during his National Guard assignment in connection with the 1980 black ghetto riot in Miami that he first contacted the organized white supremacists. He was soon touring the United States, working with an array of Ku Klux Klan and neo-Nazi groups—many of whom had been involved with the aborted invasion-coup against Dominica.

The KKK and the Stasi

Mahon described his trip to Germany in 1991: "I told the Germans that the Klan was an American thing. But they loved the robes, ha ha, they really went for that stuff. They made up their own rituals." He claimed that after that trip he "broke with the KKK," and said that he now concentrates on supporting the Republikaner Party, the Nationalist Front, and the banned White Knights.

In June 1992, Mahon entered Germany through France. "It is easy to get a false passport," he quipped.

Mahon said he is closely allied to California neo-Nazi activist Tom Metzger, and has appeared on Metzger's regular cable television show, "Race and Reason." Metzger and Mahon work together on the deployment of skinheads. This is the British-origin youth movement which began with Satanic rock music and drugs, and was then transformed, principally within California, into an arm of the white supremacists. The bizarre alliance of "ultra-conservative" Ku Klux Klan and the punk-sex-drugs youth culture is an embarrassment for academic political analysts (and police officials) clinging to Aristotelian categories of "leftwing" and "rightwing."

Mahon claimed that U.S. Secret Service and other federal police agents have him under constant surveillance, always seeking pretexts for his arrest or blackmail. Given this constant monitoring, Mahon was asked, how did he manage to elude the German police? He replied that throughout the German phase of his career, he has worked closely with agents of the East German Stasi. He said this collaboration began at least three years before his 1991 visit to Germany—i.e., before reunification. Since reunification, of course, the communist police agents have all become "former" Stasi agents. Mahon, with his naval intelligence training in electronic countermeasures, works jointly with these sophisticated former Stasi men, monitoring all the German police radio frequencies. This way, he says, they are always a step ahead

of the German police, and always elude them.

But how could he trust the Stasi men? Mahon said that “these former Stasi guys hate communism, but now they hate the immigrants even more, and see the immigrants as a great danger. That’s why the Stasi guys are helping us.”

But just to make sure, Mahon explained that well before he himself first entered Germany, he had instructed the skinheads in how to get the Stasi men into compromising situations that could set them up for blackmail. That way, Mahon and his skinhead trainees would be assured of the continuing loyalty of the Stasi people!

With his skinheads and his Stasi protection, Mahon asserts, he made a 1992 visit to Germany through the eastern section of the country and to Nuremberg, Mainz, and Karlsruhe. “We travelled 1,100 kilometers in four days, stopping and talking to people every 100 kilometers or so.”

Gay rights for Nazis

Frank Collin was America’s leading neo-Nazi during the 1970s. Following the 1967 assassination of neo-Nazi U.S. chieftain George Lincoln Rockwell, Collin became the mid-western coordinator of the American Nazi Party (or National Socialist White Workers Party, as it was renamed). Based in Chicago, with a staff that included Gary Lauck, Frank Collin was the visible leader and the anchor for the creation of the white supremacist movement of the 1980s and 1990s.

With Rockwell out of the picture, the neo-Nazi movement had broken up into a number of squabbling personalities and splinter groups. In 1977, the Lorain, Ohio *Journal* ran a series of sensationalist “investigative” articles on the neo-Nazis. The series was widely noted, and projected a frightening image of a powerful, growing movement. Frank Collin was shown to be the “leader of Nazi parties in 26 cities,” who “consolidated the international power of seven Nazi parties” and “united 19 Nazi chapters from the United States, Canada, and Western Europe” in a “National Socialist Congress,” representing more than 1,000 members of the movement.

How had Collin, an American citizen, come to be a proponent of a movement which his country had fought a world war against in the previous generation? In an interview published on June 14, 1977 in the Lorain *Journal*, Collin told a reporter: “I don’t think I ever became a Nazi, but rather that I was born a Nazi. From the earliest memories I have, I remember having loved Hitler.” Collin claimed that his conversion to the white supremacist movement took place as follows: When he was seven years old, he was sitting with his father, watching a documentary called “The Twisted Cross,” which Collin called a “Jewish version” of the history of the Nazi Third Reich. Collin claimed that he was instantly attracted to the film clips of Adolf Hitler. “That was the first day I became a conscious Nazi.”

This story is particularly ludicrous, in view of Collin’s personal background. When Collin split with the original neo-Nazi organization in 1970, his unusual family life had

just been widely exposed. Frank Collin’s father was originally named Max Cohn, a Jew who had managed to get out of the Dachau concentration camp. Emigrating to America, Max Cohn changed his name to Max Collin and married a Catholic woman. Thus Frank “Collin” became known in neo-Nazi circles as “half-Jewish.”

But this account of Collin’s origins, which had ruptured the neo-Nazi movement in 1970, was not even mentioned in the cited 1977 coverage—an important omission, given Collin’s supposed “Nazism-from-birth” story.

Perhaps the most striking aspect of the Lorain *Journal* coverage of the “tough-guy” Nazi movement is a photograph which ran on the front page of the June 13, 1977 issue. The photo, captioned “Nazi delegates pose . . .” depicts Frank Collin, “Gerhard” Lauck (whom the *Journal* reporter elsewhere identifies as “of Germany”), Casey Kalemba (called elsewhere the “Commander” of a neo-Nazi splinter group) and Robert Brannen. Both Collin and Kalemba appear as flaming homosexuals. With their pouting expressions, posing in their “Nazi” uniforms, they appear to be playing “dress-up” in the fashion of four-year-old girls. In another photo in the same issue, Frank Collin appears in his pajamas and bathrobe, over the ominous caption “top Nazi leader in the nation, keeps tabs on his organization in his map-filled intelligence room in Chicago.”

In the *EIR* reporter’s interview with Gary Lauck cited above, Lauck said he has long had a “very close relationship” with Frank Collin. Lauck worked “on a daily basis with Collin for many, many years.” “We had unified the majority of the American national socialist units, under him. That was in the mid to late ’70s. That is when I was primarily active, with the unification project.”

ADL gets into the act

Collin was catapulted into the international limelight soon after his media-hyped “unification of the American Nazis.” Collin applied to the town of Skokie, Illinois, a Chicago suburb with a large Jewish population, for a permit to hold a Nazi march. The Anti-Defamation League of B’nai B’rith (ADL) began a highly publicized campaign to “stop the Nazis,” demanding that the rally permit be denied to Collin. Then the American Civil Liberties Union (ACLU) countered the ADL, assigning ACLU legal director David Goldberger as Collin’s attorney.

The legal dispute was ultimately decided in the U.S. Supreme Court. Meanwhile, the American public, including frightened Jewish residents of Skokie, were fed horrifying images of impending Nazi terror. The news media did *not* portray this as the farce that it in fact was: the Anglo-American Zionist lobby political group (the ADL) sparring with a Jewish attorney (from the ACLU) over whether the homosexual son of a Jewish concentration camp inmate should be allowed to play “Nazi dress-up.”

After the U.S. Supreme Court decided in their favor,

the farce continued when the Collin-Lauck group decided to forget about their Skokie march. They chose to rally their forces instead at the Federal Building in Chicago, where on June 24, 1978, a handful of costumed players arrived to be greeted by several thousand counter-demonstrators. The menacing Nazis were soon escorted by the police back to their Stormtrooper headquarters.

The following year, Frank Collin was arrested by Chicago authorities for sexual perversion victimizing young boys ages 11 to 15. Confronted with his own photographs of himself with his victims, Collin pleaded guilty and received a seven-year prison term. After serving three years of his sentence, Collin was released and has faded from view.

German journalist Burkhard Schröder, in his book *Rechte Kerle: Skinheads, Faschos, Hooligans*, identifies Russell Veh as one of Gary Lauck's tiny "illustrious circle of acquaintances" along with Frank Collin. Russell Veh is the organizer of the National Socialist League, the only officially, openly homosexual group among the neo-Nazis. Veh formed his California group in 1974, the year Lauck incorporated in Nebraska. Veh declares that hostility to homosexuality is a Jewish-Communist plot.

The green Duke

The recent growth of the white supremacist drama on the world stage is in many ways associated with the name and image of David Duke, a Ku Klux Klan leader and neo-Nazi. After winning a seat in the Louisiana State Legislature, Duke ran for governor of Louisiana in 1991 and for U.S. President in 1992.

All of Duke's electoral efforts have been aided by unique publicity in U.S. news media, and by public hysteria spread by the ADL. Published accounts of his candidacy have uncritically presented Duke in terms that are intended to be acceptable to the increasingly impoverished and brutalized American voting population.

Within the accepted but false left-versus-right political spectrum, Duke has been marketed by friends, and similarly attacked by foes, as an enemy of the Washington establishment. It is said that unemployed whites, or those whose living standards are falling, naturally support Duke as the ultra-conservative alternative to the liberal agenda which favors homosexuals, racial minorities, and job-destroying ecology policies. The Houston, Texas *Chronicle* of Jan. 25, 1992 typically aided this "rebel" image, declaring that "David Duke's presidential candidacy is boosting the cause of the Ku Klux Klan."

In preparation for his electoral efforts, Duke's friends released in 1990 a biography which, while scolding his racialism, glorified his courageous stand in defense of white people. *David Duke: Evolution of a Klansman*, by Michael Zatarain, was labeled "an unauthorized biography." But curiously, the author explains that candidate Duke himself, his relatives, friends, and KKK comrades worked with Zatarain

for over a year to compile the book.

Certain of the facts of Duke's life, as Duke himself related them to the biographer, put him in a quite different light from the legendary figure promoted in the popular press. These facts have not been stressed by the popular news media.

David Ernest Duke, born in 1950 in Oklahoma, was the son of David Hedger Duke. While the boy attended schools in the Netherlands, his father worked to develop the top-secret missile defense system of the Anglo-American military and the North Atlantic Treaty Organization (NATO). Duke, Sr. travelled in the rarefied atmosphere of the highest-level classified agencies. Uniquely, he was at the same time an executive with the Royal Dutch Shell petroleum company, based in Holland and England.

The Shell Company transferred his father to New Orleans, where young David began learning about neo-Nazi eugenics ("race-purification") theories from a Shell Oil Company psychologist. While going to the New Orleans high school earlier attended by Lee Harvey Oswald, Duke worked nearly full-time for the White Citizens Council. This was the political action arm of the Louisiana old-family aristocracy and of New Orleans's exotic "right wing"—that mix of mafiosi, corrupted police, and espionage agents that so bedeviled investigators of the 1963 John Kennedy assassination.

In 1966, Duke's father transferred from his U.S. Army secret missile work and his Shell oil post, to the Indochina theater of war. Duke, Sr. came to be stationed in Laos, with an official paycheck from the United States Agency for International Development (USAID, the intermediary agency between the State Department and the Central Intelligence Agency). He was a senior operative in the U.S. intelligence entourage, personally working Laos on both sides of the line of battle. This was the heyday of Ted Shackley's CIA organization, which managed mass killings off the battlefield, and used funds generated from Laotian and Chinese opium to fund political adventures around the globe.

David Duke left Louisiana State University at his father's request in 1971, flying to Laos on a USAID ticket. Then aged 21 years, David worked officially for the U.S. State Department, teaching military English to Laotian officers.

Both father and son had "red diplomatic passports." David swam "almost every day" at the pool of the Americans-only country club in Vientiane. He enjoyed the glittering embassy parties where he and his father mingled with the Anglo-American elite and the world community of spies clustered around the Indochina war.

According to information supplied by Duke and his father, David Duke went on missions for the U.S. Central Intelligence Agency on at least 20 different occasions. Duke acknowledges participating in CIA work on aircraft of the Air America Co., dropping supplies to Laotian nationals in violation of U.S. law.

When his CIA covert work in Laos was concluded, David Duke travelled eastward to Italy, Germany, and Britain.

Equipped with his "red diplomatic passport," Duke met for the first time with neo-Nazis in England and Germany with whom he "investigated the possibility of forming a worldwide youth group."

Returning to Louisiana, Duke immediately began his adult life work as a neo-Nazi: He set up the "National Party," along precisely the lines this Anglo-American junior diplomatist had worked out in Europe. It was "geared to young people, high school, and college students."

'Save the ecology, get rid of the blacks'

Leaving aside the overt racist propaganda, David Duke's pitch to young people is what all parents in Germany, England, and the United States hear at home from their own children, who hear it from their teachers and the mass media: the green agenda.

Since he was first instructed as a teenager in the eugenics theories of the pre-fascists, Duke has always promoted the radical proposals for the reduction of Third World populations and industry. In a Washington, D.C. press conference on April 22, 1992, where he announced his withdrawal from the U.S. presidential race, Duke asserted that the world is now in an ecological crisis. He charged that while the northern countries were taking responsibility for solving it, the Third World was not. "We should be waging economic war against Brazil, with as much vigor as we did against Saddam Hussein," until Brazil stops burning down its rain forest, Duke demanded.

While he was a Louisiana state legislator, Duke drafted a law for mothers receiving public welfare assistance to be temporarily sterilized by the implantation of Norplant tubes. Duke's collaborators have spread this neo-Nazi proposal to other U.S. states, where it is now being presented as an environmentally correct measure.

Legislator Duke told an *EIR* reporter on May 29, 1990 that Americans must get a "lot tougher" in their foreign policy by ending economic assistance to countries who don't adopt strong anti-pollution measures, to save the rain forest and the elephant. "You can't solve environmental problems without stopping this excess population growth in the Third World," he said, demanding the northern countries compel Third World countries to curb the births of their babies.

He explained that he first became seriously interested in ecology when working for the State Department as a teacher in Laos.

Duke said he had extensive contacts among ecologists in Canada and western Europe, and believed that "ecology is the place where left and right can meet."

In an article entitled "National Socialism and the Environment" in the January-February 1992 issue of his English-language newspaper *The New Order*, Gary Lauck stressed that "in National Socialist Germany, health, ecology and animal rights were major concerns. . . . The German National Socialists funded massive research into the dangers of

background radiation, lead, asbestos and mercury. They campaigned against artificial colorings and preservatives and demanded the use of more organic pharmaceuticals, cosmetics, fertilizers and foods. Government medical journals blamed cancer on red meat and chemical preservatives."

Britain creates the skinheads

"Britain has an appalling record for exports in recent years, but in one field she has done remarkably well, namely in spreading the racist and violent sub-culture of the skinheads." These are the words of a European Parliament report on *Racism and Xenophobia in Europe*, compiled by British Parliamentarian Glyn Ford in early 1991. After its release, the London *Sunday Times* on Oct. 6, 1991 commented that the British press had failed to report that a number of the skinheads involved in the recent racist attacks in Germany were Britons, and that the press had simply claimed the rise in racism was a German phenomenon.

The European Parliament report states: "Skinheads first appeared in Britain in the late 1960s and were involved in what was known as 'Paki bashing' [assaults on Pakistanis]. . . . In the early 1970s they went into decline but found a natural home in the British Movement from the late 1970s until about 1982. . . .

"Over the next five years the racist skinheads built up their organization by means of a series of bands playing racist music. . . . The biggest international distributor of their records is a West German company Rockarama Records. . . . The key group formed around the band 'Screwdriver' and its leader Ian Stuart Donaldson. . . .

"During the 1980s the skinhead cult spread from Britain to West Germany, Belgium, and Holland, and then to Scandinavia. The cult also gained popularity among young unemployed racists in France, and it eventually reached Hungary, Poland and East Germany. . . .

"The established racist groups see them as cannon fodder . . . which can cross international borders. . . . They are also viewed as a huge financial benefit for the racist movement. In Britain they are capable of generating income to the tune of around £1 million a year from sales of concert tickets, videos, shirts, boots, records, and tapes. They also sell protection for other peoples' concerts and public events. . . .

"Two years ago it was discovered that there was an organized link with Sweden with full-time political workers from Britain stationed there. . . . It was also discovered that young people from Scandinavia were being taken via Britain to Northern Ireland for paramilitary training. Since then it is believed that training has taken place on a smaller scale in Britain. . . .

"In the U.S.A. . . . at last year's meeting of the Ku Klux Klan . . . in almost every speech, reference was made to Ian Stuart and Britain's skinheads."

The report's most pertinent statement describes events in the United States in the period leading up to the implementa-

tion of the Webster Doctrine:

"What has been one of the most startling developments has been their success in the U.S.A. About three years ago, . . . [the skinheads] had about 400 followers. Within a year this has grown to 4,500."

Heick and Schreck

What produced such a sudden burst of activity from this British movement? What propelled these dazed youngsters into organized neo-Nazism? (Even today, not all skinheads are involved with racist ideology.)

Newsweek reported on Sept. 7, 1987 on what was then a violent but tiny fringe movement: "Like many manifestations of the punk youth movement, they listen to loud music, shave their heads, wear leather jackets, decorate their bodies with tattoos, paint graffiti. . . ."

"Local police [in San Francisco] were concerned enough to have called FBI for help. . . . Though small groups of skinheads have been reported in Chicago, Dallas, Orlando and other cities, the neo-Nazi activity has been confined to California. . . ."

"Skinheads occasionally appear on a cable-television program called 'Race and Reason' produced by WAR."

Rolling Stone magazine on Dec. 1, 1988 gave an update on the San Francisco breeding-ground for the international neo-Nazi youth movement. It reported that Dennis Mahon's comrade, Tom Metzger, had "recruited these roving gangs of thugs and misfits as the brownshirts of a rejuvenated white right—and the heralds of an apocalyptic 'white revolution.'"

But "roving bands" do not convert themselves into a political action assembly through reading or debating. In the San Francisco pool of psychedelic LSD and cocaine, teenagers already in the satanic, screaming, head-banging heavy metal music scene came under the skilled hands of sophisticated neo-Nazi shepherds.

The *Rolling Stone* report describes Robert Heick, the posturing street leader of this San Francisco cult-creating laboratory: "At Bob Heick's spare bachelor pad at 312 Parnassus . . . four Nazi skinheads are about to listen to their favorite song. . . . 'When the Boat Comes In,' an early classic by Skrewdriver of England, the world's premier white-power skinhead band. . . ."

Put up a fence,
Close down the border
They don't fit in
In our new order.

Heick, whose street name is Bob Blitz, is national chairman of the American Front, "one of the more than two dozen gangs in the fastest growing segment of the racist right: the skinhead nation."

As an apostle of Church of Satan founder Anton LaVey,

Robert Heick is not simply a neo-Nazi. Heick is the "musicologist," teamed up with Nikolas Schreck (the common-law husband of Anton LaVey's daughter Zeena) and with U.S. Army Lt. Col. Michael Aquino, on a project called Radio Werewolf.

'Unleash the beast in man'

When we look at this network, we are looking into directly the face of terror. This is no longer the merely threatened violence of the non-march on Skokie, Illinois. It is the program for the escalation of civil war inside Germany, and the destruction of as much of civilization as the protagonists are left free to demolish.

"Radio Werewolf" is the name of a rock band, a newsletter, and a series of broadcasts spreading from the United States into Europe. The name and the concept are copied from the cultish actions and radio broadcasts by Nazi propaganda minister Paul Josef Goebbels during the last days of World War II. Goebbels had invoked the pre-Christian pagan gods to aid the "Werewolf Corps" in a desperate final offensive against the Allies.

The California-based "Radio Werewolf Ministry of Propaganda and Public Enlightenment" released a program for the year 1989 under the motto, "*To unleash the beast in man.*" Some extracts: "The Werewolf Order is an international network of men and women of action dedicated to the creation of a new satanic world order. We are sending forth the call . . . to arms to all Berserkers and Valkyries who are prepared to wage an unholy war for domination of this earth. We are seeking leaders not followers. . . . At last, in these waning years of Judeo-Christian era, we, the legions of the night, can proudly claim our sinister heritage. . . . The conclusion of [our work] will begin an avalanche of the Demonic Revolution into the twenty-first century. . . ."

"Radio Werewolf was established by the American writer and musician Nikolas Shreck in 1984, as the sonic propaganda unit of the Werewolf Order. The Werewolf Order is an international society of black magicians dedicated to what founder Shreck has called 'the creation of a psychic dictatorship destined to hold sway over the last 13 years of the twentieth century, and serve as a vanguard for the coming occult world order.'

"Radio Werewolf is opposed to the general decadence of contemporary youth-culture; . . . Radio Werewolf stands as the standard-bearer of a new kind of youth . . . drug-free, proud and re-awakened to their pagan heritage."

We note for the record that "Nikolas Schreck" is, like "Gerhard" Lauck, a pseudonym chosen by an American international operative, to have himself identified as a German. According to a spokesman for Amok Publishers, who printed his book *The Manson File*, his real family name is Dubin. Schreck-Dubin has arranged with Austrian authorities to possess a telephone account in Vienna, the number for which is unpublished.

São Paulo Forum terror commandos captured in Peru

by Gretchen Small

When Peru's anti-terror police, the Dincote, raided a "people's jail" of the Tupac Amaru Revolutionary Movement (MRTA) in Lima on Oct. 15, they uncovered far more than another horrible case of human rights violations committed by terrorists. The evidence gathered thus far from the raid confirms, in dramatic detail, that the so-called "democratic left" groups joined in the São Paulo Forum, a continental organization of political parties founded by the Cuban Communist Party in 1990, have not put down their arms as they so piously claim, but continue to deploy a centralized, *continent-wide* narco-terrorist apparatus as the military arm of their "electoral" offensive.

The uncovered terrorist operation threatens the national security of every nation in the Americas. Yet 12 days after the police raid, the international media continue to censor all news and investigations around it, in stark contrast to the unending coverage given to allegations that Peru's military and government are carrying out an "undemocratic" war against terrorism.

This discrepancy conforms with the policy of the influential bankers' lobby, the Inter-American Dialogue, to bring member parties of the São Paulo Forum network to power across Ibero-America as the new face of "democracy"—the Dialogue's new word for any rotten policy it decides to impose. Leading members of the São Paulo Forum include El Salvador's Farabundo Martí Liberation Front (FMLN), the Sandinista Liberation Front of Nicaragua (FSLN), and Colombia's M-19 movement—all implicated in the MRTA terrorist operation.

The support given the São Paulo Forum by Dialogue agents within the Clinton administration, especially in the U.S. State Department and the National Security Council (whose Latin America desk is headed by former Dialogue president Richard Feinberg) continues to constitute the single

greatest threat to security in the hemisphere.

Evidence in hand

In the raid and subsequent investigations, Peruvian security officials have so far found the following:

1) Peruvian-Japanese businessman Raul Hiraoka, held captive in shackles for four months in a suffocatingly tiny cell by the MRTA. Other "people's jails" where previous victims of the MRTA kidnapping-for-ransom industry had been held in subhuman conditions, were then found in subsequent raids in Lima. Hiraoka was found alive by the police; others were not so lucky.

2) The largest arsenal of weapons ever captured in the last 12 years of war in Peru. They found bazookas, grenades, FAL and AKM rifles, automatic pistols, 20,000 rounds of ammunition, and high-power Russian-made anti-tank rockets of the same type that the Sandinistas used to blow up Nicaraguan ex-President Anastasio Somoza and his car in Paraguay. The weapons had been patiently brought into Lima from the MRTA's main base of operations in the cocaine trade's center, the Upper Huallaga Valley. Also seized were sophisticated communications equipment, computers, the printing equipment for producing fraudulent identity papers for several nations, and false passports from Bolivia, Chile, Spain, and Uruguay.

3) Plans for a wave of assassinations and bombings to be carried out before the Oct. 31 national referendum on a new tough-on-terror Constitution. Propaganda calling for a "no" vote in the referendum was also found. Government officials now believe the planned MRTA terror wave was part of a bigger plot, coordinated with dissident military officers who intended to use the resulting chaos as an opportunity to overthrow the government, with the approval of the U.S. State Department. Included on the hit list were President Alberto

Fujimori and the commander of the Joint Chiefs of Staff of the Armed Forces, Gen. Nicolas Hermoza Rios.

The plan was modeled on the Nov. 13, 1992 failed coup attempt led by Gen. Jaime Salinas Sedó, a Mason, attempted a few days before the elections for the Constituent Congress in which government candidates won a large majority. On the eve of the Oct. 31 referendum on the Constitution, the opposition to Fujimori was facing a similar electoral defeat: Despite the support thrown the "Coalition for a 'No'" by the Inter-American Dialogue, fanatically opposed to the Fujimori regime since it began its anti-terror war on April 5, 1992, the new Constitution appeared likely to be approved by a wide margin.

4) Incontestable proof that the dismantled MRTA commando unit earlier was part of the same continental terror and kidnap network, run by Cuba and Sandinista intelligence, which was exposed in the wake of the May 23, 1993 explosion of a weapons bunker in Managua, Nicaragua. (See "State Department back's Cuba's 'Terrorist International'" in *EIR*, Sept. 10, 1993.)

According to President Fujimori, the links between the MRTA and other terrorists in the region were both military and financial. Their operations also extended beyond Peru: According to Dincote sources cited by Peru's *El Comercio* Oct. 25, MRTA members participated in a bank heist carried out by the terrorist Lautaro group in Santiago, Chile on Oct. 21. According to these sources, the MRTA trained their Chilean associates in bank robbery, kidnapping, and extortion techniques; several of the terrorists arrested in Peru traveled "constantly" to Argentina, and the top commando arrested had planned to leave for Bolivia shortly.

Fujimori warned: this unit was "truly a serious security threat not only to Peru and Chile, but to all Latin America. . . . Terrorist groups generally coordinate internationally. They aid each other. From this stems the danger which they represent in each of our countries."

From Paris cafés to Peru's jungles

Of the 13 terrorists arrested at the first MRTA safehouse, four of them were Chilean nationals. The Chilean connection leads directly to the Cuban terrorist network so beloved of the Inter-American Dialogue. Consider the case of Jaime Castillo Petruzzi, the arrested Chilean who headed this MRTA kidnap and terror unit:

A member of a dissident faction of the Chilean MIR group, Castillo was captured in Chile in October 1981 after a battle with the Army in which seven terrorists died. He escaped from prison weeks later, took asylum in the French embassy in Santiago, and soon set up shop in Paris, where he became friends with a buddy of former Peruvian President Alan García, the founder of the MRTA, Victor Polay Campos. (Many believe the MRTA to be the armed wing of García's APRA party.) Both believed in "the application of 'revolutionary violence' by a 'front of the masses' and had

close links with the Nicaraguan FSLN," according to the Peruvian daily *Expreso*.

Castillo Petruzzi went to Nicaragua to serve as 'international political-military observer' of the Sandinista Defense Committees. From Nicaragua, he went to El Salvador, where he fought alongside the FMLN, finally arriving at the MRTA battlefield in Peru in 1990.

Castillo's aliases ("Alfredo" or "Sergio") have been known since November 1992, when the military took the MRTA's principal base in the Amazon region in a battle where 35 terrorists were killed. The military there learned of a "a contingent of foreign instructors (Nicaraguans, Salvadorans, Colombians, and also Chileans)" which were training the MRTA, *Expreso* reported Oct. 21. According to *La República* of Oct. 16, there are now 43 Colombians and Ecuadorans jailed in Peru on terrorist charges.

The MRTA has long played a leading role in the continental terrorist network. MRTA leader, former captain Villacrez, and another sympathizer, José Fernández Salvatecci, fought in Nicaragua during the Sandinista revolution, both reaching the rank of commanders in the Sandinista Army. Villacrez is still in hiding today, training terrorists, according to Peruvian sources.

The M-19 has sought to create a "Bolivarian army," M-19 spokesman Antonio Navarro Wolf told Mexican magazine *Cuadernos Políticos* in December 1985.

'Dialogue' as means of war

Today, Navarro Wolf is a leading member of the São Paulo Forum, and the M-19's candidate for President of Colombia. This past April, the Inter-American Dialogue brought Navarro Wolf and two other Forum candidates to Washington to meet with top Clinton administration officials. Dialogue spokesmen argue that the "ex"-terrorists in the Forum have changed strategy and are now committed democrats.

But even back in 1985, Navarro Wolf had a unified strategy for continental warfare and the manipulation of "democracy." In that same interview, Navarro stated emphatically that "we also believe that democracy, and the struggle for democracy, is revolutionary in Latin America." He claimed that the government and the oligarchy had "made necessary a civil war to obtain . . . the democratic opening," insisting that "the revolutionary process is the process of broadening democracy. We give ourselves democratic objectives, so that democracy by its own dynamic produces a transformation of society."

That strategy of war to force governments to accept "democratic" dialogue has not changed today. In early 1992, the MRTA and the São Paulo Forum were preparing to force Peru's government to undertake negotiations with the MRTA along the lines of those which the United Nations hoisted on El Salvador and which so benefitted the FMLN. During a São Paulo Forum meeting in Lima in February 1992, MRTA leader Yehude Simons, now jailed for terrorism, proposed

"peace negotiations" be held between the MRTA and the government, à la El Salvador. The next day, former Sandinista President Daniel Ortega, in Lima to attend the Forum confab, offered that he personally serve as the "mediator" in these negotiations!

Instead of capitulating to the terrorists' strategy of "war for talks," Peru's government opted to defeat the terrorists once and for all. It was the decision to put the country on a war footing on April 5, 1992 which the Inter-American Dialogue—two of whose members are also leaders of the São Paulo Forum—would not tolerate.

What about Yeltsin?

The fact that, under conditions of spreading terrorist warfare, the U.S. State Department continues to decry as "undemocratic" any Ibero-American government or military which even simply warns publicly of the existence of the São Paulo Forum's Narco-Terrorist International, has already created unprecedented hostility to the United States' "democracy" policy among the officer corps, in particular, of every country in the hemisphere. But the U.S. government's slavish support for Boris Yeltsin's bloody assault upon the Russian Parliament Oct. 3 and 4 may soon prove to have been the event which finally buried, whatever credibility still clung to the U.S. administration's obsessive litany about a new global "democratic" order.

From Guatemala, to Venezuela, to Peru, U.S. support for Yeltsin's dictatorship has called into question the entirety of U.S. policy towards the region. The comparison between the handling of Peru and Russia has stunned many.

The Peruvian government continues to be treated as a pariah state—with the U.S. State Department now caught twice in fomenting military uprising against it—because President Fujimori shut down a corrupt Congress and judiciary on April 5, 1992 because those institutions had repeatedly refused to allow a war against the terrorism ravaging the nation. But the Russian government was *hailed* for defending "democracy," after Boris Yeltsin ordered a *military* assault on the Russian Parliament—because the Parliament had repeatedly put up obstacles to the economic austerity program demanded by the International Monetary Fund.

"Boris Yeltsin is praised, and I am called a dictator, when he caused thousands of deaths," Peruvian President Alberto Fujimori angrily told the Argentine paper *Ambito Financiero*. "I was careful that there was no bloodshed when I dissolved Congress," he said. "Why has he been accepted as he has, and I have not been pardoned for anything? The judgment made on me is unjust and inexact. Here there is total freedom, much more than in Russia. . . . Here, as you can see, I have the total support of the people." As an editorial in Venezuela's *Diario de Caracas* asked bluntly on Oct. 26: "How does one support the U.S. in Haiti and condemn Fujimori, while the U.S.A. unconditionally supports Yeltsin's actions?"

U.S. Haiti policy at an impasse, but genocide continues

by Cynthia Rush

The same chaos which now characterizes U.S. policy toward Somalia has extended to Haiti, as the Clinton administration and its foreign policy advisers have for the moment backed off from using military force against Haiti's Armed Forces and have also rejected imposing a complete commercial blockade of the country. This decision has in no way halted the murder of poor Haitians, however, who are dying as a result of the continuing embargo imposed by the United Nations and Organization of American States (OAS).

Despite their poverty and lack of resources, Haiti's Armed Forces have put the U.S. and the U.N "globaloney" apparatus up against the wall, causing many administration officials to pause over what it would mean for the United States to intervene militarily in that country. As Haitian police officer Pierre Louis told Argentina's daily *Clarín* in an interview published Oct. 28, "We will do what we will do." If the U.S. decides to take military action against Haiti, "this won't be one Somalia, it will be two Somalias . . . because we will throw all the Americans into the sea. We don't want them. They should get out of here." Deposed President Jean-Bertrand Aristide he said, "is a terrorist. He has an entire army. He is a criminal and murderer." As for U.N. envoy Dante Caputo, Louis asked, "where is he? Why isn't he here? He's a *maricón*—a queer, a queer."

U.S. officials say they will now focus on diplomatic efforts to try to bring about a government of "national reconciliation" while they urge Aristide to broaden his cabinet to include opposition political forces. The State Department and the White House have abandoned the Oct. 30 deadline for Aristide's scheduled return to Haiti, with Secretary of State Warren Christopher's explanation that "it's more important to achieve the result of democracy than to fix a particular date."

Several factors have contributed to the policy morass, not the least of which is the image of a powerful United States taking measures which will ensure death by starvation and disease of 7 million impoverished Haitians. While some members of the administration have said publicly they think a total blockade "would be a good thing," the existence of a

fight is reflected in the statements of New Jersey Rep. Robert Torricelli (D). Never one to reject austerity for Ibero-America, Torricelli nonetheless said that while tougher sanctions might "succeed in making Haiti more democratic, we are also risking the spread of contagious diseases, deforestation, and total economic collapse."

France is circulating a resolution at the United Nations demanding a total blockade of Haiti, but U.S. Ambassador Madeline Albright stated that "we are not pressing for additional sanctions at this time."

Aristide the psychopath

Brian Latell, a CIA analyst who testified to members of the Senate and House on Aristide's mental health, succeeded in shaking up several legislators, causing them to question why the United States is backing an individual whose history of severe psychological problems and human rights violations places him in the same category as Cambodia's Pol Pot. According to syndicated columnist Robert Novak, in an article in the Oct. 28 *Washington Post*, Latell not only documented Aristide's health problems and reliance on 13 different types of medication, but underscored his use of mob violence and the practice of "necklacing." "He will rule with violence. He will settle scores," Latell warned.

Senators Larry Pressler (R-S.D.) and J. James Exon (D-Neb.) were visibly outraged at what they heard, and even liberal Massachusetts Sen. John Kerry (D) was rattled enough to conclude that "legitimate questions were raised" about U.S. support for Aristide. Columnist Novak commented that "senators of both parties worry why Clinton did not react more like John Kerry."

The one Washington group that is in a flight-forward mode on Haiti is the Inter-American Dialogue, Clinton's chief policymakers for Ibero-America. In a commentary published in the Oct. 28 *Christian Science Monitor*, IAD executive director Peter Hakim demanded that the United States "stay the course," insisting that U.S. "credibility" in promoting democracy is at stake.

Pointing to Haiti as a test case for the insane U.S. hemispheric policy of enforcing bankers' usury and destroying national institutions under the name of "democracy," Hakim warned, "If we do not or cannot act effectively in a poor, weak neighboring country, where can we be counted on to act?" Hakim also emphasized that the United States must continue working through the OAS and the U.N. "This joint action, if successful, will set a precedent for future international initiatives to protect democracy in this hemisphere and beyond." Finally, the "worldwide trade embargo against Haiti must be kept in place until Aristide reassumes power."

U.S. waffling has provoked hysteria among Aristide's backers in Haiti. One U.N. official in Port-au-Prince complained that a statement by North Carolina Sen. Jesse Helms (R), that Aristide was a psychopath, "has been incredibly destructive. It served to undermine everything we had

worked for." Speaking before the U.N. General Assembly on Oct. 28, Aristide shrieked that the U.N. must impose a full commercial blockade on Haiti, as the only way to force the military to leave power and permit his return.

Genocide

There is an impasse in Washington, but in Haiti people are dying. A spokeswoman for the relief agency CARE reported that that agency is now feeding 600,000 people a day, or 10% of the population. "I think if we run out of gas and we can't continue our programs here, then thousands will die. In some of the areas where we work, 20% of the children suffer from acute starvation. The embargo has just made it worse. People are now using every calorie they have just to stay alive. The common cold can be a killer. Five to six percent of the population has AIDS; that is an incredible number." A priest who runs a children's food distribution center north of Port-au-Prince called the sanctions "a slow-death process."

A diplomat in Port-au-Prince appropriately remarked, "I thought after Vietnam we had heard the last of destroying a nation in order to save it. But that is what we are doing here."

"Genocide!" is what U.S. statesman and economist Lyndon H. LaRouche calls it. In an emergency statement issued Oct. 24 and circulated in Washington and other cities, LaRouche declared, "The United States has got to stop committing genocide. And above all, stop committing genocide in the hypocritical name of supporting democracy. We have come to the point that methods like those which Hitler used in Auschwitz or against the Warsaw Ghetto, or against besieged Warsaw in the last phase of World War II, have become accepted methods of diplomatic cabinet warfare operations."

LaRouche warned that "methods such as we abhorred in the case of Operation Phoenix in Vietnam, things which are far worse than that, have now become accepted diplomatic practices of military and other forces. This must come to a halt. There is no respect whatsoever for the sanctity of human life in such practices. And to call such practices the pursuit of democracy is the most appalling hypocrisy which one might imagine, one which would cause perhaps even the ghost of Adolf Hitler to blush a bit with embarrassment on occasion."

The imprisoned statesman also addressed a blunt reality which most of Washington chooses to ignore: "Haiti has been a hell-hole ever since the earlier extended U.S. occupation of the island and looting of it. Haiti has been a playground for the most criminal type of professional psychiatrists and others, and has been a victim of looting by the United States. . . . So if we find that the government and institutions of Haiti otherwise are not of the most admirable quality, we must take a large share of the blame for the long history of racial oppression which the United States has heaped upon that unfortunate country."

'Who lost Russia?' debate breaks out in West after Yeltsin coup

by Konstantin George and EIR Staff

After the 1949 Communist takeover of China, which was aided and abetted by the British establishment and its followers in the U. S. State Department who were telling the public that the ferociously anti-western dictator Mao Zedong and his cohorts were "democrats" and "agrarian reformers," a debate broke out in the West over "Who lost China?"

Now, in the wake of the Oct. 4 coup in Russia under President Boris Yeltsin, and the backing of the coup as a "victory of the democrats" by western governments, a similar "Who lost Russia?" debate has erupted. In the radio program "EIR's Talks" on Oct. 28, U.S. statesman Lyndon LaRouche commented: "The question that's going to come from the Republicans in the 1994 election campaign is 'Who lost Russia?' And they're going to blame Bush, of course, who is responsible for the United States losing the opportunity for extended peaceful cooperation with Russia. But they, probably, being Republicans, will be partisan about it and pick on Clinton."

'Marshall Plan' versus insanity

The debate came to the fore in an interview with former U.S. President Gerald Ford in the Italian daily *Corriere della Sera* on Oct. 18. Asked about his policies toward the communist bloc during 1974-76, Ford responded: "I had the idea of launching a Marshall Plan for the communist countries, thinking that we could prevail over them by showing them the benefits of western freedom and wealth. But the CIA had a much different vision. They were giving me completely false information." According to Ford, the CIA was handing him reports that the U.S.S.R. and its Warsaw Pact allies were close to achieving military and economic superiority over the United States, and therefore any economic aid package to them would hurt U.S. strategic interests.

Ford did not mention any names, but the CIA head during Ford's last year in office was George Bush, who adamantly opposed any comprehensive economic development plan for Russia and eastern Europe during his presidency (1989-92). His policy, and that of former British Prime Minister Margaret Thatcher, of insisting on savage International Monetary Fund shock therapy policies, coupled with the launching of the Persian Gulf war and setting up the Balkan war to further the destabilization of Eurasia, were the causes of the policy debacle.

LaRouche commented on the policies which could have won the peace after the Soviet Union crumbled. "Kennedy was moving toward a policy of, 'Let's cut out all the monkey business, such as the local wars, the surrogate warfare, and let's stick to having a war-winning capability,' and, if he hadn't been shot, he'd have announced that policy. And on the other hand, offer the Russians and the communist states . . . some kind of economic cooperation and try to win the war through economic collaboration, where possible, hoping that by using a deterrent of war-winning capability, that we can put the fight on the economic level and win it there.

"Now, there was some of that around Nixon. Ford played with that. That was my policy, and my policy for the Arab-Israeli conflict, too, in the mid-1970s, at the time Ford was playing with this idea of a Marshall Plan for Russia. It was my policy behind the Strategic Defense Initiative that we not only have a war-detering capability, that is, preventing a first strike by using new physical weapon systems of the types that the Soviet were then developing, and cooperate on that, but that we use the opportunity posed by the need to introduce anti-ballistic missile strategic defense to set up economic cooperation, not only between the United States and Russia, but also with other countries, and thus hope to bring about world peace."

A leading Swiss expert on Russia commented: "It is logical to believe that Ford had Bush in mind when he brought up the CIA problem. I think this is linked to the criticism of Bush's handling of the end of communism. This criticism is spreading very fast in Europe, and Ford, speaking from Italy, might have sensed it." He added that the debate "was started by another former President, Richard Nixon, one year ago."

This view was echoed by an Italian source, who stressed that Ford had spoken out because "someone in the United States" is thinking of a "new approach to Russia."

By supporting the dictatorship, the world "is heading very fast toward a new Cold War," the Swiss expert said. "We are not supporting Yeltsin, no matter how often we say it; we are really supporting, in fact, the unitarists, the centralists, the authoritarians, the people in the military and the military-industrial complex who seek to rebuild Russian power. If we had challenged Russian designs in Estonia or Georgia, everything would have been different, but our refusal to do so has guaranteed that these centralizers will come

out ahead. All this talk of democracy, the market economy, free elections, censorship and so on, is irrelevant. We have lost out already in Russia.”

A source in Britain with decades of expertise on Russia contrasted the Ford interview with the recent release of the Thatcher memoirs, which he described as designed to reinforce “the mythology of a wonderful Thatcher-Reagan-Bush synergism that was responsible for bringing down the Soviet empire and defeating communism. It’s all absurd, but that is what that woman wants people to believe.” His urgent warnings to reverse the idiotic “support of Yeltsin” and “democracy” have so far fallen on deaf ears: “Nobody bothers to listen when you tell them that ‘you are about to lose Yeltsin,’ and that it’s a moral disaster for the West to be so enthusiastic about a man who is nothing more than a Bolshevik thug.”

A shock for the ‘therapists’

Evidence of how Russian policymakers now view the West was seen in a letter to the Oct. 27 *International Herald Tribune* by Viktor A. Kremenyuk, professor of political science at the Institute of U.S.A. and Canada Studies in Moscow. His wrote: “I would understand support for the Russian President by Bill Clinton or other western leaders if this had been a case of aggression against Russia from the outside. But in the case of domestic struggles, usually such support amounts to interference in favor of one Russian group against another. Imagine a Russian, Chinese, or other leader supporting a U.S. President against his opponents in Congress when they debate the budget or any other domestic program. Second, the International Monetary Fund and other western financial institutions have taken a strong stand on economic reform in Russia. They in fact have conditioned their loans and credits on the compliance of the Russian government with some prescribed recipes that are regarded by many Russian experts as destructive. . . . Now, after several years of turmoil and suffering, more and more educated, as well as uneducated, Russians have come to the conclusion that western policy in Russia is motivated by the desire to disarm it, to contribute to its deindustrialization, and to make it a weak and dependent partner.”

Another denunciation of western policy toward Russia was given several days earlier by Kremenyuk’s boss, Georgi Arbatov, director of the U.S.A.-Canada Institute, in a speech at the German Evangelical Church academy in Tutzing (see *EIR*, Oct. 22, p. 4).

The Russian response to western attempts to weaken their country has been to begin to rearm. Frank Gaffney, director of the Center for Security Policy, in the *Washington Times* on Oct. 25 cited testimony by Sen. Ted Stevens (R-Ak.) that Russia is building a new generation of MIRVed fixed-site, land-based ICBMs in violation of the START II Treaty. This followed the Russian renunciations in September of the CFE Treaty on conventional force limitations respecting the Cau-

casus and its military district adjacent to the Baltics, Finland, and Norway.

The Russian policy to allocate, in addition to the non-Russian republics within the Community of Independent States, as much as possible of eastern Europe and the Balkans to its sphere of influence, was restated by Russian Foreign Minister Andrei Kozyrev in an address on Oct. 27 to the Royal Institute for International Affairs in London. As reported in the Oct. 28 London *Guardian*, Kozyrev stated that Russia was determined to prevent the admission of its former Warsaw Pact allies into NATO. He “advised” the eastern European nations to “join Russia in transforming the CSCE [Conference on Security and Cooperation in Europe] into a full-fledged regional organization for ensuring peace and stability in Europe.” Through thinly veiled references to NATO’s capitulation to Serbian genocide against Bosnia, he told the eastern Europeans to accommodate to Russia, because NATO would never intervene on their behalf. Kozyrev noted that NATO had “no appetite for addressing ethnic and nationalist conflict in Europe,” and was therefore “unlikely to satisfy” eastern European security needs. He threatened that any such NATO attempt would lead to a new Cold War, provoking “a return to the destructive logic of blocs and counter-blocs.”

Ukraine sees the danger

Asked about the recent rejection by Ukraine of proposals to disarm, LaRouche commented that Ukraine is aware of the danger. “The Ukrainians see that the United States is pushing Moscow toward the emergence of what the Ukrainians recognize as a Third Rome form of empire. That Yeltsin is essentially a *figurehead* of various forces centered around the old KGB forces and of the military. It was the military that made the decision which allowed Yeltsin to stay in power. They’re going to say, ‘All right, the United States does not have the power anymore to check Russia.’ And they are very worried, and they say, ‘We’re sticking to our guns, for the time being.’

“Washington is saying, ‘Let’s have a condominium, a new New Yalta agreement, with the new military-KGB masters in Moscow. We’re going to go over there, and we’re going to kiss hands and say, ‘You guys are our *partners* in running the world.’ And they’re going to talk to the Russians about keeping the Third World countries in line, as a kind of condominium, the kind of thing that Henry Kissinger specialized in, in constantly saying that the world is run from London and Washington and Moscow; that whatever the three powers agree upon, the rest of the world will get in line, and obey.

“The Ukrainians say, ‘Okay, the United States has *sold us out*, and we’re going to maintain at least a marginal bargaining power in this situation, in order to preserve our national independence; and if we have to submit, we’re going to demand major concessions, which will stand our children good in the future.’ ”

High court says Germany has right to withdraw from European Union

by Gabriele Liebig

In its decision on Oct. 12, Germany's Constitutional Court in Karlsruhe delivered a restrictive reinterpretation of the Treaty of European Union, which in a number of essential points diverges widely from the "Monster of Maastricht." The court either disputed the especially monstrous aspects of the treaty, or else restricted them in such a way that any minute variance would render them unconstitutional. In the worse case, Germany could even withdraw from the Union altogether. This reminds one of someone who makes a contract to purchase a rattlesnake, while with his own family he makes the contract contingent upon the rattlesnake behaving like a squirrel. If the animal later turns out to indeed be a rattlesnake, the contract would be declared invalid.

What is the sense of such antics?

The German Constitutional Court's decision was in response to a suit filed by a former European Community official Brunner, who challenged the validity of the treaty on the grounds that it violates Article 38 of Germany's Basic Law, which says that citizens and voters have the right to influence the policies of the Federal Republic of Germany. This right would be encroached upon, he argued, if Germany's national sovereignty were to be partially suspended. The court decided that such a thing would not occur, and that the "principle of democracy" does not prevent the Federal Republic from becoming a member of a supranationally organized, multi-state community, so long as "legitimization and influence can also be exerted by the public within the framework of the alliance of states."

'Pacta sunt servanda' no longer valid

The German government has argued both before the Constitutional Court and elsewhere, e.g., in the so-called Edinburgh Declaration of December 1992, that the treaty is merely "an alliance of states for the realization of an increasingly tight union of the nationally organized peoples of Europe, and not a state based on a single state citizenry."

This formulation, however, is not included in the Maastricht Treaty, which explicitly treats the unification of Europe's economies and currencies as a preliminary step toward full political union.

In fact, the German judges found that the European Parliament has insufficient democratic control over the European Community's executive bodies. But then the European

Council consists of the heads of state of all member countries, and thus, according to the court, the primary parliamentary control remains with the German parliament.

The European Union is not permitted to further expand its own powers, unless further laws are passed which would change the German constitution. It is not an "independent legal entity" and should not become one. "The plaintiff's concern that the European Community, considering its long-term goals, will be unable to develop into a political union with as yet unspecified sovereign rights, unless further parliamentary orders are issued concerning the application of law, is unfounded," according to the court's decision. Such a development, the court added, would bring the Maastricht Treaty into conflict with the German Basic Law.

And in that case, the judges found that the Federal Republic, despite the formulation that the Union treaty is for "an unlimited period," could "cancel its membership by means of a contrary act." As the daily *Frankfurter Allgemeine Zeitung* rightly pointed out, such a withdrawal would fly in the face of the standard doctrine of international law, according to which treaties are to be kept once they are made. But after what has happened in Bosnia, who worries about the niceties of international law anymore?

Bank domination remains intact

The treaty's provisions on currency union were not challenged by the Karlsruhe judges. However, they understand the hard date for introducing the third stage of economic and currency union, namely 1999, as "more of a declaration of goals than a legally enforceable date."

This is all the more remarkable, because a special protocol has been attached to the Maastricht Treaty on this very point, stating the exact opposite. The "Protocol on the Transition to the Third Stage of Economic and Currency Union" states, "With this signature, the high treaty partners declare . . . the irreversibility of the Community's transition into the third stage of economic and currency union. . . . In the event that by the end of 1997 the date for the beginning of the third stage is not yet set, the relevant member states . . . over the course of 1998 will speed up all preparatory work in order that on Jan. 1, 1999 the Community can irrevocably enter into the third stage, so that the European Central Bank and the European Central Banking System can take up the full



A demonstration of the Association of German Farmers in Bonn, March 1993. The banner reads "IMF and GATT Are Wrecking Steel and Farming." The Maastricht Treaty for European Union will impose more of the monetarist austerity policies that are destroying industry and agriculture, while stripping nations of the sovereign right to determine their own economic policies.

scope of its activity at that time."

Karlsruhe found nothing to criticize about the fact that according to the Maastricht Treaty, a highly "independent legal entity" is to be created which will be acting outside of any parliamentary control to determine the future monetary, interest rate, and credit policy—and thus the economic fate—of the European states. We are referring to the core of the entire treaty: The European Central Banking System (ECBS) and the European Central Bank (ECB). No parliament, and no government, will be able to instruct or oppose the actions of this body, which is to consist exclusively of appointed representatives from the financial world. This authority will be enthroned in "absolute independence" over the peoples of Europe—a new instrument of power in the hands of the banking establishment which is now obsessed as never before with imposing its insane ideology of rampant speculation and monetarist "shock therapy" upon the productive economy.

As German Chancellor Helmut Kohl emphasized in Paris on Oct. 13, the second stage of currency union is supposed to begin on Jan. 1, 1994. According to the Maastricht Treaty, a European Monetary Institute is to be formed as a precursor to the ECB. "It will have a juridical personality. . . . Its president will be selected from among the circle of individuals recognized for their experience in monetary and banking questions" (Article 109f).

People in Germany seem to be especially proud of the fact that the ECB will most likely be headquartered in Frankfurt. That, however, does not exempt Germany from the negative consequences of an ECB policy of hostility against physical production and against the citizenry. After all, the independent U.S. Federal Reserve System has its headquarters in New York, and this does not prevent the Fed from shamelessly ruining the U.S. economy and society in the service of the banks. U.S. banks, for example, obtain Fed credits at 3% interest, but then turn around and lend money back to the government at 7% and more. The difference between the two

rates is a pure subsidy to the banks at taxpayers' expense, inflates the budget deficit, and steers away from public investment in infrastructure, education, etc.

Concerning the "convergence criteria" for states' membership in the European Union, which specify a required rate of inflation, national indebtedness, annual net government borrowing, interest rates, and currency rate bandwidths, the court determined that the treaty "adequately ensures that the convergence criteria cannot be 'softened' without German consent."

It should be pointed out, that at the present time, not a single European country, with the exception of the tax haven Luxembourg, meets the criteria laid out in these supplementary protocols of the Maastricht Treaty. So only Luxembourg will be permitted to join the currency union!

It is well known that the Exchange Rate Mechanism within the European Monetary System (EMS) has been thrown into chaos by ruthless speculators, and that the rate variation bandwidths have been "softened" into absurdity—something that the Karlsruhe judges seem to have overlooked. In the "Protocol on the Convergence Criteria According to Article 109j," Article 3 states, "during the two years previous to its examination [for membership], a member state must have kept within the normal bandwidths foreseen for the EMS exchange rate mechanism, without suffering any great strain."

In the meantime, the EMS has experienced not simply "strain," but has practically blown apart. Nevertheless, the Constitutional Court has pronounced that there must be no softening of the entry criteria. So is the currency union, if it ever comes about, in violation of both the German constitution and of the treaty itself? Here the rattlesnake is clearly biting its own tail.

A different strategy for Europe

The question remains why anyone who actually wants a squirrel, would purchase a rattlesnake instead. Helmut Kohl

is such a person. While giving lip-service to the Maastricht rattlesnake, he is simultaneously pushing in the exact opposite direction. While in Paris he reconfirmed Franco-German friendship, along with the Elyseé Treaty signed 30 years ago by French President Charles De Gaulle and German Chancellor Konrad Adenauer, and stressed the key role of the French and the Germans for Europe: "How closely we work together, how well we understand one another—this is what will ultimately determine how things will go on the entire continent." European unity means "unity in many-ness," said Kohl, echoing an expression from Cardinal Nicolaus of Cusa, and also stressed that for him "the thought [is] unacceptable that the western border of Poland and of the Czech Republic should forever continue to be the eastern boundary of the European Union." But an essential included purpose of the Maastricht monster is the continuation of the Iron Curtain in a different form.

Regardless of whether European policy is organized as a Europe of the Fatherlands, as a community of sovereign states, a European association of states, or anything else, such arrangements can only function on the basis of a coherent strategy for overcoming the world economic crisis, mass unemployment, and the terrible economic, political, and psychological damage which has been inflicted in the East by banking establishment-dictated monetary shock therapy.

Concretely, this means implementing a Eurasian program for the construction of modern infrastructure throughout the continent, as Lyndon LaRouche had already proposed immediately after the fall of the Berlin Wall in 1989. The area within the "Productive Triangle" described by Paris, Berlin, and Vienna would serve as a driver for this endeavor.

These investments must not be allowed to be curtailed or prevented because of empty treasuries and expensive private credits. Rather, it would be necessary to issue new productive credit through transforming Germany's central bank, the Bundesbank, into a National Bank.

Such a European continent-wide development strategy would of course conflict with the geopolitical dogma of the Anglo-American financial elite who are currently setting the tone in the West, and is contrary to the neo-liberal, monetarist dogma of the "free market." Indeed, Maastricht itself was a reaction by these circles to the opening of the Iron Curtain and the reunification of Germany: the Maastricht Treaty explicitly forbids the issuance of national bank credit.

If Chancellor Kohl really believes that with Maastricht "the evil spirits of the past" can be banished and war prevented, then he is yielding to a dangerous bit of self-deception. *We already have war in Europe.* The war in former Yugoslavia was largely caused by the same International Monetary Fund shock therapy which has just led Russia back into a dictatorship. And it will get even worse, unless a line is finally drawn against this dishonest dance with the rattlesnake.

The Canadian Election

Voters reject NAFTA and bankers' austerity

by Gilles Gervais

Canadian voters on Oct. 25 delivered an overwhelming defeat to the ruling Progressive Conservative Party, in a popular revolt against austerity, unemployment, and the Anglo-American bankers' plans to loot the entire continent through the North American Free Trade Agreement (NAFTA).

Kim Campbell's Progressive Conservative government, which went into the election campaign with 157 seats in the House of Commons, came out with only 2 seats, terminating its 126 years of existence as one of the two major Canadian political parties. The Liberal Party, headed by Jean Chrétien, won the elections with 178 seats (out of 295), and 41% of the popular vote. Chrétien will become the new prime minister, and has pledged to renegotiate the NAFTA treaty.

Among the other parties which will enter the new Parliament, the social democratic NDP lost 36 seats, ending up with 8 seats and 7% of the popular vote. The western-based populist Reform Party elected 52 members of parliament with a popular vote of 19%, while the separatist Bloc Québécois got 54 MPs elected, with a popular vote of 14% overall and 49% within French-speaking Quebec. The growth of these regional parties is fraught with danger to the continued existence of Canada as a nation.

Situation shaken up

EIR sources report that, despite the dangers, rejoicing is being heard throughout the land. It is not that people are particularly pleased that the Liberals won; there is little or no expectation that their policies will be an improvement. Rather, the common view is that the election results "have opened everything up," shaking the institutions and making it possible for an alternative policy to emerge.

Chrétien's party swept Toronto, the capital of Ontario, the most populous province and the industrial heartland of Canada, which was hit by heavy unemployment after the 1989 free trade agreements went into effect.

"Citizens in Canada have turned their opposition to NAFTA into political change," said Lori Wallach, director of the Public Citizens Trade Program, to the *Globe and Mail*,

Canada's national newspaper. "Members of Congress in the U.S. can learn a lot from the election in Canada: Support of NAFTA can spell electoral defeat."

The North American Free Trade Agreement is scheduled to come to a vote in the U.S. House of Representatives on Nov. 17, but it might die even before that as a result of the Canadian elections, according to a source in the City of London financial district. "There is presently \$18 billion in speculative U.S. capital in the Mexican stock market, all assuming the NAFTA is a foregone conclusion. This setback could lead, in the next days, when people better realize what's happened in Canada, to a panic selloff by U.S. speculators in the Mexico markets."

President Clinton was at pains to deny such scenarios, stressing on Oct. 26 that Chrétien's election "will have no impact at all" on NAFTA. "I see no reason to renegotiate the agreement or any grounds or basis for it, and I think we should just go ahead. I think that all the countries involved have a lot of stake in proceeding, so that's what we plan to do."

U.S. Trade Representative Mickey Kantor insisted that the Liberal victory would not affect the pact's chances for approval by Congress, and that there will be no renegotiation of NAFTA. One authority on North American issues, however, dismissed these remarks as "damage control," according to the *Globe and Mail*.

'Financial community' up in arms

As *EIR* reported last week, the Conservative government of Prime Minister Kim Campbell, the "Maggie Thatcher" of Canada, was set on implementing the International Monetary Fund's (IMF) demand that Canada drastically reduce its Can\$35 billion budget deficit and impose austerity. This was the same free-market austerity policy that created the discontent that knocked out Thatcher in Britain, George Bush in the United States, Constantin Mitsotakis in Greece, and could soon knock out British Prime Minister John Major.

With the defeat of Campbell, the bankers are fearful that their program will run aground, and are hastening to make sure that Chrétien will toe the line. The business section of the *Globe and Mail* on Oct. 26 greeted the new prime minister with this rude "wake-up call":

"Good Morning, Prime Minister-elect Chrétien.

"This is your wake-up call from the international financial community. We have three items on the agenda today:

- "Your plans to re-appoint—or fire—John Crow to another seven-year term as governor of the Bank of Canada;

- "Your plans—if any—to bring down an economic statement (or even a budget) before Christmas, one that tells us just how far off track the old government's fiscal projections are;

- "Your plans to turn the deficit around with a medium-term fiscal plan that we can regard as credible.

"You may recall that we're the folks from whom you

need to borrow about \$36 billion a year. The provinces need another \$22 billion.

"We'll buy your bonds, all right. But before we decide what price you'll have to pay for it (that's the rate of interest, by the way), we'd like to hear some answers to those questions.

"Sorry if this takes the edge off your day of celebration (congratulations, by the way), but we'd like those answers quickly."

Threat of national disintegration

The pressures on Canada from the IMF and the financial world have created the conditions for the growth of separatism, which threatens to bring about the political dissolution of Canada by 1995. This balkanization has become a very real threat, as shown by the strength of the regional parties in this parliamentary election. "The long era of national parties and federal and provincial bureaucracies brokering regional differences among themselves has given way to the balkanization of Parliament," wrote the *Globe and Mail*.

This scenario to dismantle the nation-state is also being promoted in other countries, such as Italy, where the Northern League and Lombard League are demanding the split-up of the nation. It is also reflected in demands to break California up into three separate states, and similar scripts for the United States.

"It Could Be the End of Canada," was the headline of a commentary in the *International Herald Tribune* of Oct. 22, written by researcher David Mussington and Gerald Segal, a senior fellow at London's International Institute for Strategic Studies (IISS). They express the fears of some British circles, that the dissolution of the Canadian nation would mean the end of the free-market based "new world order" which they are attempting to orchestrate and control.

"As Canadians stumble towards the abyss, it becomes more urgent to consider the risks," they write. "NAFTA, if it has not already been killed, could be wrecked by the debris from a shattering Canada. And if the trade agreement does survive, it will be paralyzed by the complex process of mediating disputes within the former Canada and between the new states of the north and the United States and Mexico. . . .

"The breakup of Canada would seem to be less militarily risky than it would have been during the cold war. But long-term damage might be worse. If a country as stable and prosperous as Canada were to collapse, a depressing message would go out around the world.

"East Europeans and others are told by the West that market reform will make them rich, stable and peaceful. Canada's collapse would undercut this message and encourage intolerance."

That is the view from the British IISS. The reality is that it is the bankers' free-market "reforms" that are causing the collapse of nations, including Canada, which has indeed been rich, stable, and peaceful up to now.

Unease over 'ethnicity' at conference in Germany

by Mark Burdman

Attempts to introduce into a German context, crucial features of the "political correctness" movement in the United States, met an unanticipated degree of resistance at a conference in Germany, held at the Loccum Evangelical Academy in the state of Lower Saxony. The conference, on Oct. 20-22, focused on an attempt to explore how the idea of "ethnicity," or the primacy of "ethnic identity," could be applied in the political, social, and cultural spheres, in Europe as well as in other parts of the world.

"Ethnicity" has become a key component of the ideology known as "deconstructionism," in this case part of an effort to "deconstruct" the sovereign nation-state, by strengthening particularist "ethnic identities." An entire academic industry of social and cultural anthropologists and ethnographers has been built up to promote the idea. Increasingly, "ethnicity" has become part of the strategic arsenal of eastern and western intelligence agencies, which are being staffed with "ethnic conflict specialists." The potential for manipulating targeted populations on the basis of artificial and mutually antagonistic "ethnic identities" has become a new form of crisis provocation and crisis management, especially true under conditions of physical-economic breakdown where desperate people are induced to compete for control over resources. The Russians are playing this game in the Caucasus and Transcaucasus, as they orchestrate bloody inter-ethnic confrontations, but western agencies are up to their ears in manipulating the "ethnic card" in Africa, the Balkans, and elsewhere.

Inside the United States, the promotion of "ethnicity" has laid the groundwork for the possible disintegration of the United States by some time in the 1990s. With such dangers in mind, not everybody is jumping on the bandwagon. One document circulated at Loccum was a recent review in a German newspaper of a new book by New York Sen. Daniel Moynihan, *Pandaemonium: Ethnicity in International Politics*, in which Moynihan warns that the fixation on ethnic-based identities is destroying the social fabric of contemporary societies, and could rapidly bring the world to hell—hence "Pandaemonium," the word for "Hell" in John Milton's *Paradise Lost*.

Back to 1933?

Often, discussions of the type at Loccum can be dull, but this one produced some unexpected sparks. In response to a

provocative presentation by Dr. Christian Scherrer, an "ethnic conflicts" specialist from the University of Zurich's Institute of Ethnology who promotes the struggle of "ethnic groups" against "tyrannical nation-states," an elderly German participant expressed the fear that it all sounded like "1933 again," when the Nazis came to power. He recalled that the Nazis tried to redefine identity on the basis of ethnic group or race. Scherrer protested that the concept of "ethnicity" was fully "modern," but not everyone was convinced.

A similar criticism was made by Dr. Jonathan Webber, a Hebrew Center Lecturer in Social Anthropology and Fellow in Jewish Social Studies at the University of Oxford in England. Webber objected that the whole concept of "ethnicity" was an "artificial construct," the exploitation of which depended on who was using it, and for what purpose. He backed up his case humorously, by pointing to the example of the Jews, who were for 200 years beginning in the 18th century, defined as a "religion," then later as a "nation," and now as "an ethnic group." To much nervous laughter, he recounted how one motivation for such a definition among British Jews, was that under British "race relations" statutes, an "ethnic group" receives money from the government.

One further line of attack came from experts from Essen, Bielefeld, and other German cities. They pointed to the precedent of the United States, where "ethnic identity" had gone to such extremes that "homosexuals and lesbians" define themselves as "ethnic groups." Ostensibly, this is done so that they can come under the protection of various "anti-discrimination" laws, but the more general reason, these speakers stressed, is that this is part of the push for "political correctness" in the United States, which represents a total challenge to the concept of the American "melting pot."

True believers unfazed

None of these objections deterred the true-believers, such as Scherrer and his followers, or the committed ethnographers. In combination, these represented the majority of speakers at Loccum.

Scherrer's view is that virtually all of the current nations of Africa, and many of Asia, are essentially tyrannical constructs imposed on diverse ethnic entities. He foresees the breakup of various African nations, including Angola, Zaire, Ethiopia, newly independent Eritrea, and others. He also foresees the early disintegration of Pakistan, beginning with eruptions in the Baluchistan part of the country. Somewhat further down the line, India will be rocked by ethnic conflicts and disintegrate. The world will soon see a "doubling of the amount of nation-states it now has."

Scherrer's model of a "battling ethnic group" is the Mesquito Indians, who were able, marvelously in his view, to deploy 4,000 heavy weapons against the Nicaraguan government. When the question was posed, where the weapons came from, a colleague of his smiled and answered, "The CIA, of course."

German role in Palestine development

Israel has defended Germany's contacts with Iran in order to further chances for peace in the Mideast.

The Germans have repeatedly come to the assistance of Israel without making a great fuss about it. They have thus become the Jewish state's closest and most important European partner. In the Arab world, Germany enjoys great respect and trust—in contrast to Britain and France, it never had colonial ambitions in the Near East. Indeed, a good point of departure for united Germany, along with the United States and other countries, to take an active role in furthering the peace process in that region.”

This statement, taken from an English-language commentary by Daniel Dagan, the editor-in-chief of the *Allgemeine Jüdische Wochenzeitung*, the weekly of the Jewish communities in Germany, published on Oct. 20, may tell a bit about the timing of the new international scare campaign against alleged German government talks with “Iranian terrorists.”

That campaign began with a team of U.S. “experts” arriving in Bonn Oct. 4, with the aim of presenting “evidence” on secret deals between 600 German industrial and trading companies with the “terrorist Iranian regime”—which the Americans claim is working on an “anti-Israeli atomic bomb.” The team’s testimony was aimed against secret talks between German and Iranian foreign intelligence officials which were taking place in Bonn at the same time. But if there were anything as serious as a German-Iranian conspiracy against Israel involving nuclear weapons, the Israeli government would have been the first to protest.

The Israelis, whose intelligence services have proven in the past to be

clever enough to profile such threats long before they are made public by agencies such as the CIA or Britain’s MI-6, have not filed any protest with Bonn. On the contrary, Israeli Prime Minister Yitzhak Rabin declared in an Oct. 26 interview with the *Hadashot* journal in Jerusalem, that he supports these German talks with the Iranians, as they involve “humanitarian interests of Israel.”

Rabin’s remarks refer to triangular deals between Germany, Iran, and Israel to neutralize the radical currents of the Palestinian movement and remove them as an obstacle against the Gaza-Jericho agreement. This means that Germany’s traditionally close relations with Iran are being utilized for the Palestinian development project.

When Dagan published his commentary, Israeli Minister of Science Shulamit Aloni began a four-day tour of Germany, meeting with experts in the R&D sector. And when Rabin came out in defense of Germany’s talks with Iran, a delegation of Iranian industrialists began a one-week tour of Germany.

The government in Bonn just might repeat the coup of Chancellor Konrad Adenauer who, with Nahum Goldmann, then president of the World Jewish Congress, and Israeli Prime Minister Ben-Gurion, struck a deal in 1960 on economic assistance which bypassed the dominant monetarist banks of the Anglo-Americans and provided Israel with a vital loan of DM 3.5 billion for industrial and infrastructural improvements.

This was done at a time when Germany had no formal diplomatic relations with Israel, and when there were

heavy attacks by radical Zionist groups on Germany, which equated postwar Germany and the pre-1945 Nazi holocaust regime.

Rabin’s intervention on behalf of Germany against the Iran scare campaign did not come out of nowhere. Israeli Foreign Minister Shimon Peres, who made a surprise visit to Bonn Oct. 5, spoke of a “major role” which German industry should play in the “triangle of cooperation between the Palestinians, Jordanians, and Israelis” in joint development projects in the Dead Sea region to stop desertification and develop a modern infrastructure.

This appeal to the Germans was echoed in a speech that Abdallah Frangi, the PLO’s official envoy to Germany, gave two weeks later before a select audience of the German Foreign Policy Association in Bonn. He said that Bonn “shall help us in the same way it helped Israel in building its infrastructure.” Frangi added that a peaceful and blossoming Mideast would be an important market for products from Germany.

In an interview with the *Frankfurter Allgemeine Zeitung* daily Oct. 16, Frangi said that if the potential of the Gaza-Jericho project were realized, the “new Palestine will be the new Andalusia”—like Islam’s Spanish province of Andalusia, which was the most-developed part of the Arab world from the 8th to the 15th century.

Frangi said that he anticipated that even Iran, which officially opposes the Israeli-PLO deal, would “see in the long run that constant obstructionism won’t pay off.”

Some people in the Anglo-American intelligence milieu ostensibly are, as the new Iran scare campaign indicates, more afraid of losing their scapegoat Iran than losing the peace in the Mideast. The attacks on Germany’s role are an attempt to sabotage the peace.

Drugs and democracy with a salsa beat

Is salsa king Rúben Blades being promoted to the presidency of U.S.-occupied Panama to make it safe for narco-democracy?

As the U.S. government starves the people of Haiti and moves to invade that nation and reestablish the genocidal necklacer Jean-Bertrand "Papa" Aristide back in power, it is worth reviewing what's going on in Panama, where Washington's idea of democracy equals drugs.

U.S. authorities now admit that the tons of cocaine and the piles of drug money now going through Panama far exceed anything that supposedly took place under Gen. Manuel Noriega. A quick glance at recent history reveals the enormity of the drug trade being carried out by the U.S.-imposed government. It is this narco-democracy that a possible future presidency of salsa king Rúben Blades is intended to protect.

On Oct. 22, legislator Anel Ramírez, a member of the opposition PALA party, was arraigned in Tampa, Florida on charges of attempting to smuggle 150 kilos of Colombian cocaine into the United States. Ramírez was carrying \$300,000 in alleged government money to pay for the drugs, and another \$1 million in negotiable instruments.

On Sept. 1, U.S. authorities in Miami discovered over five tons of cocaine in a shipment of Panamanian coffee from the influential Gil family.

In mid-1992, another five tons of cocaine were seized on the premises of Celeste International, a company tied to cocaine kingpins Gilberto Rodríguez Orejuela and his brother Miguel, of the Colombian Cali Cartel. Celeste's premises, by the way, were located in Panama's Free Trade Zone in Colón, a mini-version of what the Americas can look forward to if the

North American Free Trade Agreement (NAFTA) is rammed through the U.S. Congress. According to the Sept. 20 *Washington Post*, of the estimated \$9 billion that changes hands every year in the Free Trade Zone, some \$2 billion is in cash, and no one knows how much of that "is cocaine money washing into the international banking system."

This month, drug traffickers Salvador Magluta and Augusto Falcón are to go on trial in Florida for smuggling one ton of cocaine per month into Miami for over a decade! U.S. puppet Panamanian President Guillermo Endara was a key officer of at least six of the companies set up for Magluta and Falcón to launder their billions of narco-dollars. Also on the board of directors of the companies were Endara's law partners Menalco Solís, who now runs the state security agency set up by the CIA since the 1989 invasion, and Hernán Delgado, Endara's chief presidential adviser.

Despite the billions of drug dollars, living standards have dropped precipitously. An estimated 50% of Panamanians now live below the poverty line.

The Endara regime also cancelled the November celebrations of the founding of Panama, because of an expected dengue epidemic, which could be prevented if a mere \$22 million were spent for insecticides. This in a country where mosquito eradication and other public health measures were pioneered.

A desperate population is being told that their best hope lies in the campaign now under way for next May's presidential elections. If the

polls are correct, Blades the salsa king is leading the pack. Despite his carefully constructed image as the man of the people, Blades and his "Papa Egoro" ("Mother Earth," in the Ngobe Indian dialect) party are a long-standing operation of the same "Project Democracy" crowd that is backing Haiti's Aristide.

Having achieved his first pop hit with a Latin-beat version of "Mack the Knife," from the *Three Penny Opera* by the Nazi-Communist Frankfurt School's Kurt Weil, Blades was groomed for the presidency by being put through Harvard University. His prominence was ensured by featuring him in movies alongside such Hollywood stars as Robert Redford and Joe Pesci, while the requisite leftist intellectual credentials were provided by having him sing the poems of the pro-narco Colombian novelist and Nobel laureate Gabriel García Márquez, at the Kennedy Center, a few blocks from the White House.

Behind Blades's campaign is the openly pro-drug legalization Inter-American Dialogue, in the person of one of the disciples of Xabier Gorostiaga. A Basque-born Jesuit priest, Gorostiaga started as a rabid anti-communist, but later became an economic adviser to Nicaragua's Sandinistas and is now an all-out promoter of British free-trade liberalism, which the Dialogue advocates. As for Blades, his key platform planks include keeping the U.S. military bases in Panama past the year 2000, when they are supposed to shut down, according to the Carter-Torrijos canal treaties, and giving salsa concerts along with carrying out his presidential duties. "Since ancient Greece, the best leaders of a country have been those who have an artistic sensitivity." Salsa and politics "can be harmonized," AFP reported the crooner saying.

The President and the terrorist

The Mexican President's biographer is the coordinator of the São Paulo Forum's Narco-Terrorist International.

At an official ceremony at Los Pinos, the Mexican presidential residence, the sole surviving founding member of the Sandinista National Liberation Front of Nicaragua (FSLN), Tomás Borge, presented Mexican President Carlos Salinas de Gortari with a copy of Borge's authorized biography of Salinas, *Salinas, the Dilemmas of Modernity*, the Mexican press reported Oct. 19. Shortly afterwards, at the presentation of the book to the general public, Regino Díaz Redondo, director of the Mexico City daily *Excelsior*, described the book as "an unusual document" because it is the first time that "a sensitive ex-guerrilla has become an interviewer."

To be sure, the book is unusual—but for other reasons. The most unusual aspect is that a sitting Mexican President, who is Wall Street's darling and model for the Third World, would agree to have his biography written at all, and, with his cooperation, by someone who had not only been interior minister for the FSLN's Marxist dictatorship, but who now serves as the coordinator of the Narco-Terrorist International recently relaunched by Fidel Castro under the innocuous name of the "São Paulo Forum."

As *EIR* has previously reported, last May 23, Borge was the first person on the scene (at the crack of dawn and still in his pajamas) of an explosion of a secret underground arsenal in Managua, Nicaragua's capital, which belonged to the terrorists of neighboring El Salvador, the Farabundo Martí National Liberation Front (FMLN). The discovery of this arse-

nal led to the uncovering of a terrorist operation, including kidnappings, of continental proportions.

What is also unusual are the confessions of affinity which Salinas, Borge, and other leaders of the São Paulo Forum give for the new world order.

In his book, Borge writes, "When Carlos Salinas gave his March 4, 1992 speech, in which he described his reform of the Mexican Revolution, many were surprised to hear the bugle call of so-called 'social liberalism.' . . . Neo-liberals, by conventional wisdom, are cruel, insensitive and insatiable. This is not a half-truth, it is a given. . . . Therefore, if social liberalism is invoked against neo-liberalism, it could be said, and it makes sense, that it has created expectations among some revolutionaries and impoverished sectors of the population who have an inkling of the Mexican reforms."

The São Paulo Forum also rails against neo-liberalism, i.e., free trade, only to agree in the next breath with the austerity conditionalities of the International Monetary Fund (IMF), and with paying the usurious foreign debt.

According to Borge, "Salinas's fears concerning the coming to power [in Mexico] of the forces of the so-called right and left are deeper than is generally known. The victory of the right would signify subordination to the United States and a concentration of wealth in the hands of a handful of magnates. The victory of the left, paradoxically, would jeopardize the sovereignty of the country. The left

would want to show at all cost that they are not so ferocious, not so dangerous, not such an enemy of the order dictated by the United States, and, in fact, such behavior would lead toward making concessions."

But, what fears? Would this be more subordination and loss of sovereignty than Salinas has already brought about with the North American Free Trade Agreement (NAFTA)? What fear of "a handful of magnates," when Salinas and the ruling PRI party recently asked about 30 of them for millions of dollars each to finance the PRI? And concerning the left, aren't the Inter-American Dialogue and the State Department the ones promoting the presidential candidates of the São Paulo Forum, based on the fact that the Forum agrees with NAFTA, the IMF, and more? Isn't Fidel Castro himself imposing austerity measures on Cuba that are at once Maoist and free trade, dollarizing the economy, and increasing tourism and prostitution on a huge scale, not to mention the ubiquitous drug trade?

This is coherent with the well-known fact that Salinas's Maoist Pronasol program of "self-help" public works has dozens of "former" communist leaders and "ex"-terrorists employed in leading posts, and the fact that the Maoist terrorist *Antorcha Campesina* organization is part of the PRI, and that the National Peasant Federation, which is also part of the PRI, has as its leader one Hugo Andrés Araujo, a veteran of communist, Maoist organizations.

Borge fawns, perhaps because of terrorist links: "The PRI, on the other hand, has nothing to prove: It is nationalist, and this is known to all; it is populist despite its new support for free market economics, and this obligates it to respond to social needs. . . . Solidarity [Pronasol] is supposed to be the visible face of social equity."

International Intelligence

Arafat scores plot behind assassinations

Palestine Liberation Organization chairman Yasser Arafat said on Oct. 22 that the killing of three of his followers in the Israeli-occupied Gaza Strip over the past six weeks, was part of a conspiracy carried out by those forces abroad who want a Palestinian civil war.

"This [conspiracy] is outside the Arab world," Arafat told a news conference in Paris after meeting French Prime Minister Edouard Balladur. On Oct. 21, the third killing of a senior member of the Fatah movement, nationalist leader Assad Saftawi, took place in Gaza. Arafat did not identify whom he believed to be behind the conspiracy, but said that the men who carried out the killings themselves were not "from the Palestinian national forces."

"This is not the first conspiracy. It is continuing, and it is a big one," he added.

Arafat had received a telegram from the Islamic movement Hamas, denying any connection with the death of Saftawi, which it described as a crime.

"Those who killed him are bats out of the night . . . who wanted a Palestinian internecine struggle after the peace accord," Arafat said. "When they failed to foment a civil war, they fell back on these despicable attacks."

Russian editor denounces Yeltsin dictatorship

Vitali Tretyakov, chief editor of the Russian opposition daily *Nezavisimaya Gazeta*, was quoted in the London *Guardian* on Oct. 20 in a scathing attack on the new Russian dictatorship. "As Solzhenitsyn and Rostropovich were denounced in Brezhnev times," he said, "people who were really preoccupied by the destiny of the country, those who criticize in any way the policies of the leadership, are today looked on as dissidents, dissidents who need to be dealt with. The West has committed a colossal political

and historical mistake, and you must know that political support from the West is very important for this regime, which has a rather narrow base within the country."

Concerning press censorship, he said, "Fear again is in the air. Many people among today's editors-in-chief remember how everything worked in [Communist] Party times, and they are very well informed of all the mechanisms of control today. Before, the editor-in-chief was threatened with an invitation to the central committee of the party where he could lose his party card. Today, there are other mechanisms which are just as effective."

The *Guardian* reported that Tretyakov had received a call the previous week from "Vid," an independent television company, telling Tretyakov that the highest levels of government were discussing how to remove him and "remold" the newspaper. What "remolding" means is shown by the case of *Rossiskaya Gazeta*, once the paper of the Russian parliament, which was closed and then re-opened with a new masthead and editorial board. It now dutifully prints Yeltsin's decrees, and is devoid of any criticism of his regime.

India orders probe of Kashmir killings

The Indian government on Oct. 23 ordered an official inquiry into the shooting deaths by security forces of at least 37 protesters in Kashmir. According to the government statement, a judge would conduct the probe into why the security forces opened fire on demonstrators on Oct. 22 in the town of Bijbehara.

The statement also said that the security unit at the town had been replaced. Official sources said at least another 76 people were wounded when the paramilitary Border Security Force (BSF) fired on protesters demanding the lifting of the siege of the Hazratbal shrine in Srinagar, the capital of Kashmir.

The crisis began on Oct. 15, when Indian troops surrounded the Hazratbal shrine,

considered to be the most important Islamic holy place in Kashmir. The Indian government has claimed that the mosque is being used to accumulate weapons and mobilize people against the Indian control of the state.

The incident has inflamed relations with neighboring Pakistan. "The atrocities committed by the Indian security forces in Kashmir have reached a stage where the international community will have to use its influence to stop them," Pakistani President Wasim Sajjad said at a news conference on Oct. 24. Sajjad accused India of "state terrorism" directed at Muslims.

Pakistan's Prime Minister Benazir Bhutto, in an interview with the BBC, said that "India must pull out troops from Kashmir as there is no other solution."

According to an Indian Foreign Ministry spokesman on Oct. 19, three members of the Pakistani High Commission (embassy) in New Delhi and a vice consul in Bombay were given two weeks to leave India. He said they were expelled for "activities incompatible with their status as diplomats," the international diplomatic phrase for spying.

Papandreou signals Greek hard line in Balkans

In his first policy speech in Parliament, newly elected Greek socialist Prime Minister Andreas Papandreou stressed that he would never recognize the former Yugoslav Republic of Macedonia unless it dropped the word Macedonia from its name. "We are determined not to recognize a state with a name that includes the word Macedonia or its derivatives," he said.

Greece has argued that the name implies territorial claims against Greece's northern region, which is also called Macedonia.

Papandreou also rejected the United Nations-sponsored talks with Macedonia, which had been initiated by the former conservative government of Greece earlier this year. "We appreciate the efforts of the U.N. secretary general but we believe that a nec-

Briefly

● **ISRAELI** Prime Minister Yitzhak Rabin said on Oct. 24 that the PLO has kept its pledge to stop violence, but warned that opponents of Palestinian self-rule would "do everything they can to heighten terror." He said Israel "will clearly distinguish between those who support the PLO's stop of all terror activities and . . . groups that want to destroy and undermine the agreement."

● **RUSSIAN** Foreign Ministry spokesman Georgi Karasin objected on Oct. 19 to a warning by U.S. Secretary of State Warren Christopher that NATO air strikes could be launched against Serb forces in Bosnia. "It can hardly be justified to put all the blame for the Bosnian conflict on a single party," Karasin said.

● **CHINA AND VIETNAM** signed an agreement in Hanoi on Oct. 19 on principles for settling their territorial disputes on land and in the South China Sea. The two countries fought a border war in 1979. This was the first agreement signed by the countries since they started talks on border disputes in 1974.

● **SYRIA'S** official daily, the *Syria Times*, on Oct. 20 welcomed a visit by British Foreign Secretary Douglas Hurd and urged him to take a more active role in Mideast negotiations. "The coming visit to Damascus by British Foreign Secretary Douglas Hurd and the talks he is going to conduct with Syrian officials will help a lot in this contest toward making Europe the most palatable player as a go-between," the newspaper said.

● **MALAYSIAN** parliamentarian Datuk Dominic Puthuchery charged on Oct. 25 that western countries are trying to make the issue of Bosnia-Herzegovina an ethnic and religious war, so that they can justify "the indiscriminate sacrifice of tens of thousands of people." Puthuchery, a member of the International Parliamentarians Against Genocide in Bosnia and Herzegovina, was recently on a fact-finding mission to Sarajevo.

essary prerequisite for negotiations is the constructive attitude of the interested parties. But experience to date has proved that Mr. Gligorov [Macedonia's President] has not shown any such disposition. . . . Skopje's [Macedonia's capital] intransigence has verified that the process accepted by the previous government is a dead end." Papandreou said his government would soon send a letter to the U.N. outlining Greece's new proposals on the dispute.

Papandreou also warned that any move by Turkish troops to occupy more Cypriot territory would mean war with Greece. "I wish to stress that we are determined to protect Greek Cypriots and that any violent change of the existing situation on Cyprus will be considered a cause of war," he said.

ADL steps up its offensive in Germany

The Anti-Defamation League of B'nai B'rith (ADL) is stepping up its involvement in Germany, including seeking tax-exempt status and introducing its "World of Difference" brainwashing curriculum into schools. (For an analysis of this curriculum, see *EIR*, Sept. 24, 1993, p. 58.)

At the end of October, at a meeting in Frankfurt, German Jewish mafioso Ignaz Bubis extravagantly praised the ADL for being "top-class, in international terms," with an importance that cannot be exaggerated, in the fight against anti-Semitism, racism, and xenophobia around the world.

Then the *Sunday Times* of London on Oct. 24, in reporting on alleged attempts by certain German government agencies to impede circulation of educational material critical of the Hitler regime, reported that Chancellor Helmut Kohl and other German leaders "recently invited the Anti-Defamation League of the B'nai B'rith in New York to bring their 'sensitivity training program' to German schools. The program includes a filmed experiment where blue-eyed children are separated from brown-eyed children and told they are superior. The brown-eyed children are told they are less intelligent, banned

from drinking at the school water fountains and forced to play alone. After being ridiculed by classmates, one brown-eyed boy is shown sobbing at his desk."

According to the article, "The program is due to start in Rostock, the scene of neo-Nazi riots last year. Similar programs are scheduled in Bremen and Berlin, but there are fears that critics could stop them."

The paper quoted Barbara John, foreign affairs commissioner with the Berlin Senate: "The program will be painful for Germans, forcing them to confront their elitist feelings. . . . We Germans have a weak sense of identity and a lack of self-esteem. . . . We take it out on ourselves and others by becoming aggressive and intolerant."

Analyst sees Third Rome tendency in Russia

The historical struggle in Russia between the "Third Rome" Slavophiles and the westernizers is again becoming a determining feature of Russian political life, with the complication being the attempt to equate westernization with a dubious American-authored shock therapy model for Russia, wrote Russian author and diplomat Vladimir Fedorovsky in the French daily *Libération* on Oct. 25.

Fedorovsky, co-president of the Foundation for Democracy in Russia, affirmed that "the last century saw an essential debate evolve on the future of Russia. What was involved, was a quarrel between the westernizers and the Slavophiles. The Slavophiles believed in the messianic nature of the Russians and considered Moscow as 'the Third Rome.' The westernizers never stopped repeating that Russia had to follow the example of the West, in order to recover the delay that it had suffered over the centuries. The dénouement of the latest crisis has, again, brought the debate to the forefront of the stage."

But, he then added, the question is complicated by doubts over whether usual "western democratic criteria" can be applied to the Russian situation.

ADL facing grand jury probe and a new civil suit

by Jeffrey Steinberg

The year-long probe of illegal spying by the Anti-Defamation League of B'nai B'rith (ADL) is now before a San Francisco grand jury. For the first time in the investigation, in anticipation of possible felony indictments, the scandal is grabbing nationwide headlines.

On Oct. 19, the *Washington Post* published a front-page story on the ADL spy scandal, the first time that any major daily newspaper outside of California has given prominent coverage to the ADL's illegal spy operation. The *Washington Post* reported that the ADL has been "waging an aggressive public relations campaign" to block any media coverage of the San Francisco spy probe. One week later, the NBC News broadcast "Dateline" devoted 15 minutes to an interview with one of the prominent players in the ADL spy ring, Roy Bullock. The NBC story highlighted Bullock's spying for hire on anti-apartheid organizations on behalf of both the ADL and the South African government.

On Nov. 9, the first ADL official, Sue Leroy, will be grilled by a grand jury convened by San Francisco Assistant District Attorney John Dwyer. Leroy is the personal secretary to ADL San Francisco regional director Richard Hirschhaut, who has also been subpoenaed to appear before the grand jury on Nov. 16, according to the *San Francisco Examiner*.

Felony indictments expected

The decision to convene a grand jury signifies that San Francisco authorities are preparing to hand down felony indictments—unless the ADL agrees to a pleading that would involve a permanent injunction and the public release of thousands of dossiers on American citizens and political groups seized from ADL offices on the West Coast last December and April. ADL officials have admitted that the disclosure of the spy files would bolster civil suits against them that carry tens of millions of dollars in potential fines. One

such civil suit, a California class action suit, was filed last May by former Rep. Paul N. McCloskey (R-Calif.), and is already in the discovery stages. A federal civil rights action was also filed against the ADL on Oct. 21 by a dozen political organizations and seven individuals, including former Rep. Mervyn Dymally (D-Calif.) and former Los Angeles City Councilman Robert Farrell.

Under California law, a district attorney is not required to present a case to a grand jury before handing down a criminal complaint, because all felony defendants are guaranteed a pre-trial evidentiary hearing at which the government presents its evidence. In this case, one defendant, former San Francisco Police Inspector Tom Gerard, was already indicted last May without a grand jury. The purpose of presenting the evidence to a grand jury now is to lend greater weight to the charges, given the political clout of the ADL and its massive effort to arm-twist prosecutors into dropping the case.

In the raids on ADL offices in San Francisco and Los Angeles and on the homes of Bullock and Gerard, San Francisco police seized documents showing that the ADL was illegally accessing confidential police computers, Department of Motor Vehicle files, FBI internal documents, and even data from Israeli intelligence services on thousands of American citizens. Some 950 political, religious, labor, and ethnic organizations were being spied upon by a nationwide network of ADL undercover "fact-finders," rivaling the "enemies list" operations of Joe McCarthy and President Richard Nixon.

Many prominent Jewish activists who support a peaceful solution in the Middle East found themselves targeted by ADL dirty tricksters, who gathered confidential data, conducted financial warfare, and even instigated violence. One group, the Los Angeles Simon Wiesenthal Center, was a

target of ADL dirty tricks aimed at getting members of the White Aryan Resistance to physically attack and possibly even murder staff researcher Rick Eaton. The two ADL "fact-finders" involved in that effort were David Gurvitz and Bullock.

Although Gurvitz was fired when the FBI came to the ADL with evidence of the plot, top ADL officials, including national fact-finding director Irwin Suall, Hirschhaut, and Los Angeles regional director David Lehrer, threatened to quit if Bullock were dumped. Suall wrote a memorandum praising Bullock as "our best investigator." In his interview with NBC, Bullock acknowledged that he is still on the ADL payroll, receiving a weekly paycheck for \$550.

Those paychecks could be yet another source of legal problems for the League. The San Francisco district attorney has acknowledged that the ADL could be prosecuted on 48 separate felony counts of tax evasion for having hidden Bullock's employment by laundering his salary through a dummy bank account managed by Bruce Hochman, a Los Angeles tax lawyer and an ADL regional president.

Sources close to the ADL say that there are other ADL operatives paid through similar laundering schemes. One such operator, James Rosenberg, has been an ADL infiltrator inside radical right-wing movements since the mid-1970s. Using the name "James Mitchell," Rosenberg is currently parading himself as the leader of a white supremacist group called the National Front of America, formerly known as the Catholic Defense League. Rosenberg had penetrated so deeply into the radical right that his name reportedly appeared in Gerard and Bullock's computer files, and he was alerted by the San Francisco Police Commission that he had been a victim of ADL espionage.

Poetic justice

In 1984-85, the ADL played a prominent role in soliciting smears against economist and then presidential candidate Lyndon LaRouche by both NBC News and the *Washington Post*. The slanders were part of a broader concert of action involving the ADL, Henry Kissinger, the FBI, and some officials of the Reagan national security apparatus who pushed through phony criminal prosecutions against LaRouche and scores of associates. After a series of NBC News slanders, LaRouche filed a federal libel suit against the network and the ADL in 1984, naming Suall and NBC reporter Brian Ross among the defendants.

Ironically, it was Brian Ross who conducted the interview with Bullock for the Oct. 26 "Dateline" broadcast. Ross pilloried Bullock for spying on honest American citizens simply because they were Arab-Americans or opposed the inhuman apartheid policies of the South African government. He interviewed Israeli peace activist Yigal Ahrens, son of a former Likud Israeli defense minister, who was a victim of ADL spying and who is now suing Bullock and the ADL. "Dateline" host Jane Pauley admitted that the ADL had been a source to NBC News in the past.

The *Washington Post* story of Oct. 19 was even more damning. It detailed the role of ADL Washington, D.C. fact-finder Mira Lansky Boland in the efforts to railroad LaRouche to prison. Boland led an ADL junket of law enforcement officers to Israel in May 1991, involving Gerard and Loudoun County, Virginia Sheriff's Lt. Donald Moore. Moore was indicted last year for conspiracy to kidnap long-time LaRouche associates Lewis du Pont Smith and his wife Andrea. Although acquitted on that charge, Moore is now facing indictment in another kidnapping. The *Washington Post* detailed the collusion of Boland and Moore in illegally gathering data on LaRouche, and it described Boland as "widely known among police as a source of reliable tips, sometimes from 'snitches' who infiltrate hate groups."

According to sources close to the San Francisco probe, in September police sent letters out to 30 police and sheriffs' departments across the country informing them that their classified files had been found at the ADL offices on the West Coast and inviting them to review the material for possible criminal investigations.

The ADL was also faced with a Nov. 1 deadline to submit documents to the Virginia State Corporation Commission to defend its right to continue operating in the state. The commission opened a probe of the ADL in response to a complaint filed by Norfolk-area civil rights leader Roy Perry. Perry sent a complaint to the commission in August on the basis of the San Francisco spy revelations and the evidence of Moore's collusion with the ADL in the kidnapping plot against the Smiths.

New civil action

A second civil suit was filed against the League on Oct. 21 in U.S. District Court in Los Angeles. Filed by a wide range of political groups led by the American-Arab Anti-Discrimination Committee, the National Association of Arab-Americans, the International Jewish Peace Union, the National Conference of Black Lawyers, the Committee in Solidarity with the People of El Salvador, and the American Indian Movement, Colorado, the suit charges the ADL, Suall, and Bullock with violating the civil rights of the plaintiffs.

At a press conference in Los Angeles the day the suit was filed, former Congressman Dymally expressed shock and outrage that he was a target of ADL spying, pointing out that he, along with the late civil rights activist Bayard Rustin, had been criticized by many black leaders for their strong pro-Israel public stances. Dymally landed on the ADL "enemies list" by hosting a delegation of anti-apartheid activists.

American Indian Movement leader Russell Means charged that the ADL had taken over the FBI's Cointelpro dirty tricks program after congressional investigations forced the Bureau to formally shut down the program in 1977. Means told how the ADL had sued an Indian rights group, the American Indian Anti-Defamation League, for copyright infringements and successfully bankrupted the group.

Americans were lied to about the Moscow massacre

Elected Moscow City Councilman Viktor Kuzin arrived in the United States on Oct. 17 for a nationwide tour sponsored by the Schiller Institute, to explain to U.S. citizens and the press what really happened in Russia during the period from Sept. 21 through Oct. 4, when Boris Yeltsin dissolved the Constitution and elected bodies.

Mr. Kuzin, who is the city council vice chairman of the Committee on Law, Justice, and the Defense of Civil Rights and the chairman of its Subcommittee on the Defense of Civil Rights, helped found the Democratic Union in 1988, the first party in opposition to the Communist Party in the Soviet Union. In 1992, Kuzin, along with eight other city councilmen, released a letter exposing the KGB's hand behind accusations that surfaced during the U.S. presidential campaign that Bill Clinton had had contacts with the KGB during a visit to the Soviet Union 20 years earlier. In July 1993, six of those same city councilmen released a letter to President Clinton requesting his intervention on behalf of U.S. political prisoner Lyndon LaRouche. Kuzin, a signer to the letter, released it to the U.S. press at a July 29 press conference in Washington, during a week-long visit, in which he met with numerous congressmen and government officials to express concern over the LaRouche case (see EIR, Aug. 13 and Aug. 20). Kuzin was most recently a signer to the open letter to President Clinton which appeared as an advertisement in the Washington Post and the New York Times.

As he describes below, he was arrested on Oct. 3, in the course of the "Yeltsin coup." After he was released, he made the decision to return to the United States, in order to give an on-the-ground view of what was going on in Moscow—a view, which is far different from what Americans have been fed by the media.

On Oct. 22, before leaving for a national tour, including St. Paul, Minnesota, Chicago, Baltimore, Los Angeles, and Houston, he gave a press briefing in Washington at the National Press Club. What follows is taken from his remarks, which were translated from the Russian by Rachel Douglas.

I'm particularly happy to speak here today. The very fact that I was able to come to Washington was possible thanks to the active efforts of American human rights defenders, who came out in defense of the rights, this time, not just of private citizens, but of elected officials in Russia. On Oct. 3, at 10

p.m., I and four other deputies of the Mossovet, the Moscow city council, were arrested by KGB special forces in the course of carrying out our duties in defense of the constitutional order in Russia. We were sent to prison and treated rather roughly. It wasn't clear what was going to happen to us. What happened to us, happened on orders of people loyal to Yeltsin. According to the Constitution, which he cancelled, and the activity of the Parliament, which he broke up, he is today a usurper and dictator.

This is an unusual point of view on this matter for the United States today, and therefore, I'd like to go into some more detail on the nature of the Yeltsin regime during the last two years and the circumstances of the events which occurred between Sept. 21 and Oct. 4 in Moscow. And I would like to touch on the deeper social and economic processes which provide the basis for characterizing these events in a very specific way.

Yeltsin and his entourage, the entire vertical apparatus of the Executive branch, which is the only branch of power we have left, have put themselves above the law. The personnel of these structures are former functionaries of the Communist Party of the Soviet Union (CPSU). This is the case for the immediate entourage, the presidential apparatus of Yeltsin, and key members of his government, and this also applies to practically all the administrative leaders—that is, mayors of cities and leaders of regions. And so, it would be no exaggeration to say that the former committees of the CPSU were simply renamed into the Executive branch of government of cities, and the personnel virtually *in toto* shifted into these administrative bodies.

At the end of 1990 and the beginning of 1991, everybody in Russia hoped that Yeltsin, having become President of Russia, would begin genuine reforms in the interests of broad layers of the population, and it was in this spirit that he was making statements in that period. That's why he received the support of the Parliament, which exerted no small efforts to help elect Yeltsin President, and he received from it very broad powers. This is the same Parliament which Yeltsin has now broken up.

This Parliament turned the current Constitution of Russia into a quite worthy document, according to modern western standards. It should be particularly underscored that the Constitution which Yeltsin called "Brezhnevite," or "Stalinist,"



Elected Moscow City Councilman Viktor Kuzin, accompanied by translator Rachel Douglas of the Schiller Institute, addresses the National Press Club in Washington on Oct. 22 before starting his national tour of the United States.

or “totalitarian,” was amended to incorporate all the basic principles of the Universal Declaration on Human Rights. These norms acquired the status of being valid directly in Russian jurisprudence. To verify that this is the case, you need only open the Constitution and read its Chapter 5. The Constitution was also radically amended in the area concerning the right to local self-governance. These rights were substantially broadened. The Constitution, which Yeltsin has now trampled on, provided for new constitutional rights, which had not existed hitherto in Russia, and new institutions, such as the Constitutional Court—which now also has been abolished by Yeltsin—but which, during its relatively short life, succeeded in adopting numerous decisions that significantly expanded human rights in Russia.

Immediately after Yeltsin’s victory in the presidential elections in June 1991, he forgot all his promises and the obligations he had voluntarily assumed before the people. Rather than, according to the appropriate laws of Russia and its Constitution, launching a reform of the totalitarian economy of Russia along the lines of transferring state property into the hands of a broad layer of entrepreneurs, he, in effect, began to hand over this property to the *nomenklatura*, the former Communist hierarchy, to let them have a monopoly on it.

Today, that property which has been privatized in Russia is by and large controlled by the *nomenklatura* and mafia structures. This is not an accidental coalition, because the *nomenklatura* as a social group is criminal by its inherent nature; and, because, as you know, the *nomenklatura* never paid attention to any laws, but considered itself above the law. It was along these lines that Yeltsin used the broad

powers that he’d obtained from the Parliament. So, we had the conflict which arose almost immediately after Yeltsin became President.

The process of concentration of property in the hands of the narrow *nomenklatura* group headed by Yeltsin, on the one hand, began to move ahead very rapidly. And on the other hand, you had the progressive impoverishment of the vast majority of the Russian population, which, on the eve of the most recent events in Moscow, had reached a catastrophic level. I think perhaps I need not go into this in a lot more detail, because you have the information. But, nevertheless, I would like to state at least one example: The subsistence minimum today in Russia is equal to a monthly wage of 90,000 rubles, while the average monthly wage does not exceed 50,000 rubles. Thus, somewhere between 80 and 90% of the population of Russia is below the poverty line. Now, of course, this characteristic of Russian society at this time shows rather clearly that Yeltsin does not have, and could not have, broad support from society, although there have been illusions on this account, both in Russia and in the West, in connection with the referendum held on April 25 of this year.

Western misperceptions of Yeltsin

In the West, two mistakes were made, in thinking that Yeltsin had received genuine support in the referendum. First of all, there was a very careless attitude in the analysis of the actual numbers, the hard data, from which it follows perfectly clearly that Yeltsin did not receive the support not only of the majority of the population, as he maintains, but not even the support of the majority of the voters. A little bit more

than 30% of them voted for his economic reform course. But the very fact that any people at all had come out and expressed some support for the reform course—about which, by the way, they didn't know anything whatsoever—shows the level of consciousness exhibited by Russian citizens at that point. The other aspect concerning the referendum, is that the West did not take into account the traditional high level of political engagement around such a political vote in Russia; and that, what might seem to be a fine level of support for measures in the West—30% or so—is really very low for Russia, and should rather have put people on guard, rather than reassure them.

Therefore the West continued to support precisely Yeltsin as a person, an individual, and not democratic transformations as such.

At the same time, and also because he was receiving such support, Yeltsin considered himself more and more free from any duty to respect the law. There began to be publicly disseminated by social scientists and others particularly devoted to Yeltsin, the notion that it was necessary to have a certain kind of primitive accumulation of capital in Russia, but in the name of the alleged necessity of having such accumulation, absolutely unacceptable violations of the law. I'm not talking about the violation of some old Stalinist laws. Many of these laws, indeed, were very artificial, and did impede the development of society, especially as concerns property relations. But, what I'm talking about here is that people began to speak out in favor of such things as bribe-taking, as normal phenomena. Gavriil Popov, one of the ideologues on Yeltsin's side, did particularly well in this regard, when he virtually proposed to legalize bribe-taking and to establish a table of fees for bribes.

Insofar as these types of processes were promoted in the economy and in society during this year and a half, you have had a very rapid growth of the clout of criminal structures in society. It has now become common practice for mafia representatives to collect protection money from companies and firms in the city; and those who don't pay up have been annihilated physically. During the last year alone, about 10 commercial bank directors have been killed in Moscow. As a result, by August, the scope of criminal activity had become so broad that the authorities had to admit that the situation was not under their control and that they had been forced, in order to maintain some modicum of order in society, to enter into negotiations with the mafia structures.

I have brought two articles from the press that confirm this: One is the interview in *Izvestia* of Aug. 6, 1993 with a law enforcement official of the Moscow mayoralty, Sergei Dontsov; and then a second interview given by the same individual to the newspaper *Glasnost*.

These phenomena could hardly be seen as desirable by normal people. And so, from the beginning, both the Russian Federation Parliament and the Mossovet, the Moscow City Council, demanded strict observance of the law and respect

for the rights of citizens. But they got the following objections in reply—and accusations, as well: It was asserted that both the Russian Parliament and Mossovet were actually hindering reforms and wanted to return to the old Communist times.

This is pure demagogy.

The nomenklatura/mafia versus the democrats

As a result, as you know, the conflict between the Parliament and the Executive branch in Russia essentially was a conflict between the democratic line and the *nomenklatura/mafia* line, going so far that it acquired the nature of open warfare. Now the two sides in this war used different means: The Parliament appealed to the law, but the Yeltsin group resorted to their habitual means—disinformation, slander, and provocation.

At the end of the spring and the beginning of the summer, the Parliament had been forced to launch a number of investigations of people in the immediate entourage of Yeltsin. I think that the results of these investigations are known to you, and you are informed that serious charges were raised in the course of them, against such high-ranking people as Shumeiko and Poltoranin. Serious charges would have come up against other officials as well, all of which damaged the image of Yeltsin and his entourage as reformers, as honest people, and moral people. Therefore, an increasing readiness, matured on his part, to resort to more decisive measures to remove the lawful Parliament, as an obstacle to the final seizure of power by the group acting in the interests of the former *nomenklatura* and the mafia clans.

Yeltsin, several times, beginning in December 1992, tried to do this, but neither on Dec. 10 of last year nor on March 20 of this year did he succeed, because his plans became known to the Parliament, and he had not yet succeeded in installing his people in the leadership of the key ministries, such as the Ministries of Security and of Internal Affairs. You know that between May and September of this year, Yeltsin resolved that problem, and he used various pretexts to remove Interior Minister Dunayev and Security Minister Barannikov. This prepared the way for the final blow against the constitutional order in Russia.

Of course, Yeltsin understood perfectly well that the population would not welcome such a step, and therefore, immediately after he announced the dissolution of Parliament, on Sept. 21, troops were brought into the city. By Oct. 3 and 4, there were as many as 40-50,000 troops in the city. Initially, these were Internal troops, the special forces of the Dzerzhinsky Division, and then regular Army units from the Taman Division and others. It is also the case, that neither among the Internal troops, nor among the Army, did Yeltsin have partisans on whom he could totally rely. He relied, rather, on individual units headed by people personally loyal to him.

On the whole, the Moscow police force did not support what he was doing, and therefore, for the purpose of scatter-

ing the supporters of the Constitution and the Parliament, from Sept. 21 through Oct. 3, he brought in armed units from various cities throughout Russia to break up the people who were peacefully demonstrating in support of the Parliament during that week. They were the so-called OMON units, special forces, brought in from Yekaterinburg, Nizhny Novgorod, Pskov, Tomsk, and some other cities. They violently broke up demonstrations and beat the participants. This was evidently a deliberate tactic of provoking civilians.

I find it very indicative for the evaluation of these events, that, starting on Sept. 21, Yeltsin, according to Article 121.6 of the Constitution, actually lost his authority as President of the country, and this devolved upon Vice President Rutskoy. And therefore, attempts on Yeltsin's part to appeal to law enforcement bodies juridically can be termed an attempt to carry out an armed coup d'état, while the actions of citizens and of the parliamentary deputies to defend the Constitution have to be seen as fully legal.

Target: to destroy the Parliament

Probably, the main course of events from these days is more or less known to you, but let me focus in on just a number of details, which, in my view, will help your evaluation. Yeltsin evidently set himself the task beforehand of a physical crackdown on the Parliament; and, from the very beginning, it appears, intended to use big force, the military. But this would have to be justified somehow before the eyes both of the Russian public and of the world. Therefore, demagoguery was launched, to the effect that it was just communist extremists and revanchists and fascist grouplets that were supporting the Parliament; that the population didn't care what happened to the Parliament or was on the President's side.

Indeed, there were a lot of red flags at the Parliament building. But it is also the case that at the demonstrations in Moscow during those days, including at the White House, there were large numbers of people who are indifferent to communism or very hostile to it, and who were supporting the Parliament and the Constitution as a counterweight to possible dictatorship. These people could not come out under the tricolor, which is usually associated with democracy, because this has become the symbol of the Executive branch, and is associated with Yeltsin, whom they didn't accept. So, therefore, people would assemble under these red flags, not in order to support communist groups, but as a form of expressing protest against Yeltsin and his partisans.

I would like to say something also about the role of the chauvinist-nationalist groupings. You get a very interesting picture here: Take the National Patriotic Front, Pamyat, headed by Dmitri Vasilyev, which has been written about a lot in the United States. The fascist organization was supported by Yeltsin. If you look at the early phases of this organization's activity, you find that it was supported by the Moscow mayoralty, and I, as someone whose business it was to be on

top of these questions, can't think of a single instance where the Moscow mayoralty denied Pamyat a permit to carry out demonstrations. Just about a year ago, the Pamyat front received permission to hold its demonstrations on the steps of the White House, the parliament building, and this also, evidently, was not without its purpose. This made it possible to associate in people's eyes, this grouplet with the Parliament.

You get a similar picture with the so-called Barkashov group, which is a militant paramilitary chauvinist group, although it's numerically very small, and does not have any broad support in the population. This group also was able to function legally with help from the Moscow mayoralty, where it got its official registration. And with the permission of the Moscow mayoralty, the Barkashov people were able to do their paramilitary training, to practice hand-to-hand combat and shooting, on the training grounds of the Moscow police. This group, from the beginning, when the White House was blockaded by troops, showed up there, and actually set up their operations also inside the White House.

As you can imagine, the blockaded Russian Parliament could not make decisions on who was going to show up outside the building: There were very diverse people there, whose political views were quite contradictory and who were united by just one thing—loyalty to the Constitution and belief in preserving the Parliament.

These factors indicate that Yeltsin had formed a plan of provocations to discredit the parliamentary structures and smear their supporters as extremist bandits, and thus, to use this to justify the subsequent use of violence.

In those critical days, Yeltsin did not appeal to the population for support, but he appealed to the West for support. There were not substantial demonstrations in support of Yeltsin during these days, while there were constant peaceful demonstrations in support of the Parliament that were being broken up violently.

The denouement is known to you: I would just add that the immediate pretext for the use of violent force against the Parliament was, again, two provocations by his forces—or maybe more than two. The first was near the White House the evening of Oct. 3, when the large demonstration, before which the police lines had broken, was shot at from the Moscow mayoralty building by forces loyal to Yeltsin. Something very similar occurred at the Ostankino building, when, again, the first to open fire were military units inside the television center. Extremely reliable information has come in on one provocation, which is the shooting of the Itar-Tass building on the evening of Oct. 3 by snipers of the Taman Division. The regular police guard of the Tass building returned fire: Several snipers were killed; one was arrested. And that sniper confessed that he had been ordered to shoot at the Itar-Tass building by the command of the division, in order to destabilize the situation in the city.

Today's *Washington Post* has a fresh, further story on

the role that the Taman Division played during the events, in support of Yeltsin.

After the Parliament building was shelled, there began arrests and detentions, and shootings of the people who had defended it. The people who were killed were armed defenders of the Parliament. Deputies were detained and were beaten. The leader of the Parliament, Speaker Khasbulatov, and Acting President Ruskoy were taken to Lefortovo Prison.

Yeltsin is stuck, as to what to do with these people, because there's no legal basis for their conviction for anything. But, at the same time, it would be very undesirable for Yeltsin to let these people go free.

Under these circumstances, Yeltsin has proposed to conduct free elections on Dec. 12, but de facto a state of emergency is still in effect in Russia, especially Moscow. As you know, several opposition publications were shut down; these were mainly the communist opposition. But, the activity of the democratic opposition to Yeltsin is seriously impeded and virtually impossible as well. Political censorship continues. The opposition does not have access to the electronic media. The time allowed for drawing up slates and collecting the requisite signatures is extremely short, and for all intents and purposes, will exclude the opposition from taking part in the elections.

The partisans of Yeltsin, on the other side, have very favorable circumstances to campaign. As a rule, many of those who are on the slates of the bloc Democratic Choice are Yeltsin government officials, so they can use their office for access to TV, for financing, and so forth.

So, it cannot be said that free elections could take place under these circumstances—that out of these elections, democracy would emerge. Yeltsin will obtain a loyal Parliament, which in any case is slated to have very limited authority; essentially it is not even going to be a Parliament, but more of an advisory body for the President, which, *in extremis*, he can also dissolve by dictate.

I would like to draw special attention to the threat hanging over deputies, as well as ordinary citizens, who defended the Constitution. There were some military units, which, on Oct. 3 and 4, were moving toward Moscow to help the Parliament; they were intercepted and physically annihilated. Essentially, civil war has begun in Russia, and the situation now, after the bloody victory achieved by Yeltsin, is, if anything, even more difficult than it was before this coup. Yeltsin also has the major problem of his relations with the population, the majority of which does not understand what he's doing and doesn't accept it, and is suffering very badly from the policy Yeltsin is carrying out.

I think I would end there and invite your questions.

Who is Aleksandr Ruskoy?

First of all, about Ruskoy: I heard reports that he harbored ideas to reestablish the Soviet Union, and that a lot of the ex-Soviet states are very worried that if he were to get

into power, he was going to reestablish the Soviet Union. Doesn't this indicate to you that Russia is not really ripe for democracy?

This would be a complex question, but so would the answer be; but let me try. And I think some of the written material you have demonstrates that what I am going to say is right. I am referring, in particular, to Ruskoy's speech before the 10th Congress of People's Deputies, which was taking place in the blockaded White House. Ruskoy, taking into account all the specifics of him as an individual, nevertheless, has been an advocate of a constitutional and lawful resolution of the problems of the state.

And thus, despite what personal views Ruskoy might have had with respect to relations both with eastern European countries that were not part of the former Soviet Union and with the Near Abroad (that is, countries that were), some of what Ruskoy was saying, I believe, was provoked by very real problems which were not his doing: for example, the state of our military, and particularly, the condition that those military people are living in, who were previously stationed in eastern Europe, and have been withdrawn under agreements. Now these people have virtually no means physically to exist. Actually the *Washington Post* discusses this in some detail.

The other such problem is the huge number of people who have suddenly found themselves living in foreign countries, whose roots are in Russia. This is tens of millions of people, the Russian-ethnic population. These people cannot always and don't always want to enter the life of, now, a foreign country. But they're left with no choice, because there is nobody ready to greet them with open arms in Russia, and there exist no state programs to help them establish themselves, if they decided that they should come and live in Russia. Yeltsin says, well, there's no money. But at the same time we know that the national wealth of Russia is being looted to the tune of tens of millions of dollars, which is going into the pockets of the mafia and the representatives of the old Communist *nomenklatura*. This is the only layer that hasn't lost anything in this situation. I don't think I've encountered a single unemployed former secretary of a CPSU party committee.

I still wanted to address the issue of Mr. Ruskoy, then: Do you still believe he advocates taking over these areas where there are ex-Russians, or—?

No, absolutely not. By the way, you must understand that Ruskoy did not voluntarily get into politics. He's a soldier and follows orders, so, a lot depends on the level of intellectual and moral development of the people running the country, and also the Army.

Will you go back to Russia?

Of course, I'm returning! What are you talking about? I am not a political emigré and I have no intention of becoming one.

LaRouche: Cutting health care budgets is not the way to go

Lyndon LaRouche responded on Oct. 24 to a question from an associate about the AIDS epidemic, and about whether the Clinton health care program would do anything to deal with AIDS and to lessen the health care gap between blacks and whites. In his reply, LaRouche pointed out that he had come under attack back in 1986 by Patty Duke and the friends of Elizabeth Taylor, for his insistence upon traditional public health measures and intensive medical research to stem the spread of AIDS. The medical establishment instead insisted upon fraudulent "safe sex" prescriptions. Surgeon General C. Everett Koop and others indicated at that time that, although HIV infection was one of the worst menaces mankind has ever known, because of the onrushing budget-balancing crisis, we could not face a "panicked" rush to develop cures. LaRouche's statement continues:

... We've been under the reign of a fraudulent doctrine of safe sex and information since 1985-86, especially since '86. Now, as in the cases in France of blood bank contamination and the recent scandals in Germany targeting the people around [former Health Minister] Rita Suessmuth there, implementing the safe sex and information hoax policy, we now have an explosion worldwide which indicates that this is running out of control. This makes the idea of putting caps on medical research *rather wrongful* at this time.

We can turn, then, to another question, before coming back to a third question. The second question, is the impact of this information upon the so-called health care plan.

The way to approach this, is to talk about the *vulnerability*, the political vulnerability of the Clinton so-called health care plan. If we take the statement of the intention of the sponsors (the President and his wife) at this time, we have to say that the plan is *politically vulnerable*—explosively so—by virtue of the attempt to combine this with a budget-reduction plug. In point of fact, there is no way that these goals can be reached except by increasing the amount expended for health care.

While it should be emphasized that particular savings can be effected in reducing paperwork—by eliminating this Gestapo system of paperwork superimposed upon physicians, hospitals, and patients—this paperwork itself is a reflection of the attempt to apply caps to individual care rather than to focus upon a more efficient delivery of needed care.

The idea of cutting out categories of research, cutting out categories of investment in more technologically advanced areas, putting caps on treatment of people—this means tri-

age, treating older and more vulnerable people as useless eaters, at least in tendency; this is one of the sources of the great administrative cost, and certainly these administrative costs should be removed.

But what this would mean, would be going back to a pre-1975 or *pre-Big MAC* policy [referring to New York City's austerity regime, imposed by Felix Rohatyn's Municipal Assistance Corp.—ed.], on the federal, state, and local level, of having adequate institutions which are combined public and private, with an adequate medical training, preparation, and teaching program as part of the institutions, providing sufficient beds and other facilities to meet the actuarially predetermined health care needs of the population; and to ensure a common delivery system through private physicians and public and private institutions, private voluntary and public institutions, which, working together, deliver the health care (institutional and physician), which is needed by the population as a whole, *on the basis of medical need*, with the included objective of improving health care technologically to provide better care with less labor. For example, the CT scan and such things, when properly used, enable physicians to provide diagnosis and care in such a way as to *reduce* the cost, and *increase the effectiveness* particularly of scheduled preventive health care, together with the unscheduled, in effect maintenance health care, caused by sickness.

This is going to cost more money. Let's go back to what the reasons for cost are.

Why costs are rising

It must be recognized what the *real reasons* are for the *perceived* increase in cost as against per capita income levels, particularly of the lower income strata in the United States.

The basic problem is that the introduction of the New Age post-industrial society has resulted, in terms of physical economy, in a real reduction in typical per capita household purchasing power of families of, say, categories of industrial employment from the 1957-69 period; those same categories have a much lower standard of living today, for the same kind of work, and also for *increased* labor intensity of the workplace.

But at the same time, we have people who are in non-productive categories, as typified by the burgeoning of financial services with PCs, hamburger flippers, and so forth, and social workers, who are largely a useless category; and a collapse of those elements of education—cognitive education—which equip people for employment in industrial soci-

ety, with its agricultural and infrastructural complements.

So we have an increasingly less productive labor force as a result of collapse of education and related things, and a vastly reduced portion of the labor force is actually engaged in productive labor. The result of this, combined with the accumulated growth of a financial cancer sucking at the life-blood of what productive system remains, is that per capita labor intensive or skilled services, such as medical services, are suffering a vast inflation from these combined costs.

At the same time, this is complicated by a collapse of the

It's either dump the New Age post-industrial society, or embrace Kevorkian's program for health-care cost reduction. Those are the choices. Never again shall the human race tolerate the kind of triage in health care and nutrition and nourishment, generally, which is exemplified by the Hitler treatment of so-called useless eaters, or slave-labor methods associated with that.

birth rate and the collapse of family life through divorces, single parent families, that sort of thing.

The result is that the pyramid of population is tending to become inverted, so that people who are becoming old today are not being replaced by new births. Therefore we have a demographically more aged population, which means a higher cost relative to the diminished percentile of people who are actually doing productive work, as opposed to useless social services or worse than useless financial services.

So we have an apparent increase in cost of the same care delivered, say, in 1967, because the income of the average person in society has collapsed. But that average income has to buy the same medical service, which is a highly skilled, skill-intensive form of service, which means that the skilled labor content is very high, and therefore, it is relatively very costly, in light of reduced real income, real purchasing power.

That is our problem. Therefore, we should not *complain* about the increased cost of medical care, unless we intend to commit genocide of the type that the Hitler regime applied in order to eliminate whole categories of people from care in general or certain categories of more costly care—which is actually what Hitler did in his approach to “useless eaters.”

Unless we're going to do that, we're going to say this medical care bill is one we've got to meet; and what we have

to do, is look at the way society's economic policies are structured and see if there isn't something we can do to reverse the causes of this rising cost of medical care. This means we've got to increase, not monetary jiggery-pokery, but in physical-economic terms, the actual productive powers of labor and actual physical productivity per capita of the U.S. economy, which means going back to a science and technology-driven industrial and agro-industrial economy. We should be able to correct this, by eliminating uselessness, eliminating all the tax benefits for activities of financial speculation, decreasing the tax benefits and other things for these fast-food services, as opposed to real production.

So we have to tilt back, in a dirigist way, to a physical economy. Also, don't export our jobs overseas, and we'll find that people, if they're employed, are able to pay more for services than if they're unemployed or pushed out of industrial jobs into hamburger-flipping jobs.

That has to be the second point.

In the meantime, we have to increase these services, and since it's going to cost more to do things justly because of the rising relative costs of medical care, we've got to bring down the relative cost, as distinct from the absolute cost, by building a society which can afford to care for its parents—instead of snuffing them out Kevorkian-style.

So it's either dump the New Age post-industrial society, or embrace Kevorkian's program for health-care cost reduction. Those are the choices. And of course unless we think like Hitler, we will never accept triage of the type which fosters the Kevorkians in our country. Never again shall the human race tolerate the kind of triage in health care and nutrition and nourishment, generally, which is exemplified by the Hitler treatment of so-called useless eaters, or slave-labor methods associated with that.

A matter of economic policy

This brings us essentially to the third point.

As a result of these New Age policies, as applied to post-industrial policies, we have put a stress upon the global biological system which once again is fostering, as we forecast back in 1974-75, an outbreak of global epidemics and pandemics.

The correlated rise of a new pandemic, HIV, with drug-resistant tuberculosis and the focus within the United States, as in the Third World, upon the ghettos of the homeless and very poor, for the multiplication of these pandemics, shows us that our economic policy is a foolish and murderous one. It furthermore demonstrates what everyone has known, that the life expectancy and the condition of life have improved over recent centuries, the past 500 years in particular, because of improved sanitation and nourishment and housing, more than from any medical treatment.

Good health is first of all an economic policy matter, and secondly a medical matter. It is bad economic policies, not even the insufficiency of doctors, which are responsible for

the accelerated death rates and sickness rates caused by diseases such as resistant tuberculosis and HIV, *which are merely markers of extreme poverty and stress upon the collective immune system of the human species as a whole*, as well as the immune systems of entire nations and the pockets of population within them.

In this process, as past epidemiological history shows, we appear to have bred new varieties of epidemic and pandemic diseases which are a threat to the nation as a whole now, as a result, chiefly, of bad economic policies. Medical and related actions are part of the necessary economic armamentarium by which we control these problems and hopefully eliminate some of them—as we had nearly eliminated whole categories of epidemic disease from various parts of the world with DDT, until some politically corrupt idiots, such as the William Ruckelshaus of notoriety, foolishly bowed to political pressure, to eliminate these remedies.

We are not going to have a United States if we continue the present New Age policy of exporting jobs to places where labor is cheaper, combined with the cancerous growth of derivatives, combined with the general post-industrial drift. This nation will be *virtually exterminated* by the combination of epidemics and pandemics which flourish in such an economically depraved environment.

Even if we reverse our economic policies to cease promoting this kind of catastrophe, we are going to have to clean up the mess which has already been set into motion. To clean up that mess, we are going to require crash programs of medical and related research opening up new scientific dimensions of research, many of which, for example, will be typified by new dimensions in optical biophysics.

So therefore, the idea of a health care plan introduced to balance the budget, is the vulnerability of the health care plan in general. It cannot work, if that restriction is put upon it.

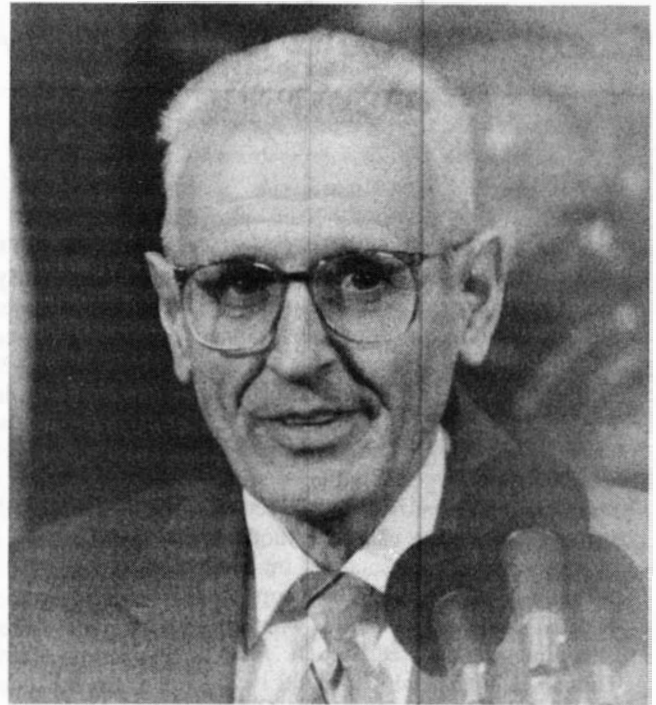
Rather, to balance the budget, we must address the real causes of budgetary imbalance:

1) We must put to an end the use of the New York Federal Reserve System and its private ownership, such as the un-Magnificent Seven banks of that region, in looting the world through the kind of deregulated speculation which is now savagely parasitizing our own and other economies.

2) We must force credit into a growth pattern, which some people are afraid the Clinton administration might drift toward, by forcing cheap credit into those areas which will reverse the post-industrial trend, to increase the tax revenue base, as well as the income base of the population.

That is the way to reduce the budget deficit, and the only way in which it can be successfully done.

Under that circumstance, then a generalized health care plan can be designed which preserves the advantages of a core of private physicians and a collaboration of the type we used to have, at least in such states as New York State as a model, before 1975, i.e., before Big MAC, in collaboration among private and public voluntary institutions, both in care



Serial murderer Dr. Jack Kevorkian speaks at the National Press Club in Washington.

and training.

The government's role, and the role of the public sector generally, should be strictly to pick up the margin of tab which ensures that adequate care is prepared for all by such delivery institutions over the course of each year. That can pretty well be done, it's pretty predictable; we don't need this elaborate system.

If you have a system where a sick person is given the care they need, and either they pay for it with private means or if they are unable to pay, then public means will pick up the balance of the tab, then we have a system which works, and we can afford to pay for it.

The problem of paying for medical care, is not essentially a matter of redesigning the system to save money by putting on caps and so forth. The way to make the kind of health care plan which the Clintons had projected work, is to address separately the question of increasing the per capita income and tax revenue base of the nation, so that the cost of health care can be more readily absorbed, more comfortably, more easily, by the private sector and by government.

That is the solution.

This is made clear if we push aside the economic frauds about the mythical recoveries which have never occurred in the past 20-odd years, and instead look at the problem, and see that the real cause of the medical cost problem is a post-industrial policy, a deregulation policy, a shipping jobs overseas policy, which has reduced the real tax revenue base and the real income base per capita of our population.

'Political' constraints put on use of troops

The Senate agreed by a vote of 98-2 on Oct. 20 to a compromise with the Clinton administration over the use of U.S. military forces in Haiti and Bosnia, after Minority Leader Robert Dole (R-Kan.) backed a proposal which simply urged Clinton to seek congressional approval before sending troops to these nations. Another attempt to place restrictions on the President's power to deploy troops to Haiti was defeated on Oct. 21 when an amendment sponsored by Sen. Jesse Helms (R-N.C.), which would have required congressional approval for anything more than evacuating U.S. citizens from Haiti, was rejected. Over the past month, the Senate quashed amendments to the Defense Appropriations Bill which would have required an early withdrawal of troops from Somalia and limited the President's right to put troops under foreign command overseas.

But despite the Clinton administration's apparent victories, even supporters of the President indicate that the compromise will be "politically" binding. "The President can no more send 25,000 troops to Bosnia without seeking congressional approval than he could fly," said Sen. Joseph Biden (D-Del.), a member of the Senate Foreign Relations Committee.

Democrats are attempting to revamp the War Powers Act of 1973, which requires the President to seek congressional approval within 90 days of U.S. troops entering hostilities. A Democratic proposal, sponsored by Senate Majority Leader George Mitchell (D-Me.), calls for a review of the legislation to make it more effective. The measure would include the establishment of a high-level congressional consultation group to meet with the administration regularly and in times of crisis.

Bonior says Canadian elections may kill NAFTA

At a press conference on Capitol Hill on Oct. 26, House Majority Whip David Bonior (D-Mich.) stated that the people of Canada had "sent a clear and a powerful message" in the elections the previous day that the North American Free Trade Agreement (NAFTA) "won't work, it's fatally flawed, and it's time to go back to the drawing board."

Noting that a key element of the victorious Liberal Party's winning platform was a renegotiation of NAFTA, Bonior stated that 58% of Canadians were opposed to NAFTA, while only 29% supported it. At the same time, he said, "the party that negotiated this NAFTA has nearly ceased to exist." Bonior called for a renegotiation of the entire package after the Mexican elections in August, when three new leaders, other than the three who negotiated NAFTA, will have come to power.

Administration officials are frenetically trying to pull together the votes needed to pass the treaty. "It's messy," said one senior Commerce Department official. "But there is positive movement amidst all the messiness."

U.S. Trade Representative Mickey Kantor admits that the administration is short of the votes needed to pass NAFTA, although how many he won't say. But he also insists that they are making substantial progress.

Halperin nomination stuck in limbo

The nomination of Morton Halperin to become assistant secretary of defense is coming under heavy fire from Republican legislators because of his liberal views. Halperin is known to

favor greater subordination of U.S. military forces to "multilateral" action, primarily under United Nations command.

Halperin, who in the past was a strong supporter of Philip Agee, a renegade CIA agent who spent his time during the late 1960s and '70s "exposing" CIA operations, has been closely associated with the American Civil Liberties Union. He was the founder of the Center for National Security Studies, which alerted Americans to "the dangers of the CIA's covert action programs."

No hearing on the nomination has yet been set, since Republicans are still waiting for documents from the Pentagon and the CIA. Halperin has also gotten into hot water by trying to set policy before he has been confirmed in his post. He allegedly told Army General Joulwan, then-commander of the U.S. Southern Command, to cancel a combined U.S.-Guatemala military exercise. Joulwan rejected his request.

Until his confirmation, Halperin is at the Pentagon only in a consulting capacity. Some observers attribute the greater involvement of the Clinton administration in U.N. multilateral actions to the influence of Halperin.

Stevens doubts Russian intent on disarmament

Sen. Ted Stevens (D-Alaska) on Oct. 18 proposed an amendment to the 1994 Defense Appropriations Bill which would condition the appropriation of funds allotted for assisting Russia in dismantling its nuclear weapons upon the Russians' ceasing production of new road-mobile or fixed-site, land-based intercontinental ballistic missiles armed with multiple nuclear re-entry warheads. The mea-

sure was co-sponsored by Sen. Daniel Inouye (D-Hi.), chairman of the Defense Subcommittee of the Senate Appropriations Committee, and adopted by voice vote on the same day.

The amendment would in particular target the \$400 million in the bill earmarked for dismantling Russian nuclear capabilities in accordance with the Nunn-Lugar Amendment. The amendment would require that the President certify that no member of the Community of Independent States receiving these funds is currently engaged in the production of new MIRV-ed intercontinental missiles.

Stevens said that he was motivated by a concern "that U.S. assistance for the destruction of existing weapons may be making available the very resources employed by the Russians to construct new systems to continue the threat against us." Stevens documented his concerns using U.S. intelligence reports and public statements from Russian sources regarding "the use of commercial funds" for "upgrading their military system," and Russia's "shifting the mass of its forces into their strategic force that deals with missiles."

'Democracy' program wins funding fight

The House reversed itself and voted 259-172 on Oct. 20 to restore funding for the National Endowment for Democracy (NED). Tied to political networks known as the "secret government," the NED interferes in the internal affairs of foreign nations, in particular attacking resistance to the so-called new world order.

The funding for NED had been removed by a vote of 247-171 four

months earlier, led by the efforts of Rep. Paul Kanjorski (D-Pa.), who objected to a private organization receiving public funding for carrying out foreign policy initiatives. As Kanjorski commented, "The Founding Fathers in our Constitution directed that the President of the United States through the State Department should carry on the foreign affairs of this country." He objected to the fact that there was no direct accountability for what NED did with the funds and no congressional oversight.

The NED has been very active in countries like Great Britain, France, and New Zealand, nations where, as Kanjorski commented sarcastically, "American taxpayers' money is not necessary to keep them democratic." Kanjorski characterized NED activity in these countries as "an intrusion by one great democracy in the democracies of others."

After the Senate retained the funding, and considerable arm-twisting was brought to bear in the House, the funding was restored in the 1994 budget. Kanjorski commented that he had never seen "a harder lobbying effort by all the former Presidents, by all the leadership on both the Democratic side and the Republican side, by all the people who are anything in this town, and most of all, by the estate of our commentators and our journalists throughout the United States."

Gramm hosts Gorbachov at GOP fundraiser

Sen. Phil "Landfill" Gramm (R-Tex.), a rabid supporter of "free trade" and budget balancing, has invited former Soviet President Mikhail Gorbachov to speak to a Republican fundraiser in Washington on Nov. 4.

In an invitation to prospective donors, Gramm hailed Gorbachov as "the man who heard the call for freedom."

The invitation, for which Gorbachov will reportedly be paid \$70,000, has come under sharp criticism. Among those outraged at Gramm's move are former Reagan administration officials William Bennett, who says that inviting the head of the "evil empire" is a "terrible idea," and Elliott Abrams, an admirer of Gramm who believes that the Texas senator has "offended many conservatives in the party."

McCloskey to Warren Christopher: 'Resign'

Rep. Frank McCloskey (D-Ind.) called on U.S. Secretary of State Warren Christopher to resign, in a sharply worded rebuke of President Clinton's foreign policy in a commentary in the Oct. 24 *New York Times*. McCloskey said his call is intended to help President Clinton, and followed his press conference on Capitol Hill shortly after a visit to Bosnia as part of a 16-member fact-finding international delegation of parliamentarians, in which he also called for Christopher to resign.

McCloskey rejected Clinton's and Christopher's contention that their policy vis-à-vis Russia has been successful. "Given his erratic behavior and his crackdown on his opponents and the press, I gravely doubt that [Yeltsin] is a true democrat," McCloskey wrote. McCloskey echoed the warning of Gen. Paul Albert Scherer and Lyndon LaRouche in saying that "we are encouraging violent ultra-nationalists and secessionists throughout the former Soviet Union, by failing to address Serbian aggression in the Balkans."

National News

'Aztec culture' pushed in California

San Jose, California is planning to erect a statue of the Aztec god Quetzalcoatl, but is meeting stiff resistance from Christian groups, according to the *Sacramento Bee*. While city officials claim the sculpture will "honor the heritage of Latinos," the chairman of the city's planning commission, Salvatore Caruso, has distributed photocopies from a book which reports that "Quetzalcoatl taught his followers to tear out a still-beating human heart using a lava rock axe." Caruso demanded, "How can you bring a symbol of this grotesque indignity to people?" An ethnic studies professor assured people, however, that sacrifices made at the temple of Quetzalcoatl, were "only because the sacrifices were demanded by another god!"

Also in California, a growing organization that wants to break off the southwestern United States as a separate nation, has chapters in more than 90% of the high schools, and almost every junior college and university in the Los Angeles and San Diego areas, according to the Oct. 24 *Washington Times*. The Movimiento Estudiantil Chicano de Aztlan, or MEChA, wants to reestablish an Aztec empire, to be called Aztlan, in an area stretching from California to Texas, and including northern Mexico, even though historians and anthropologists agree that the Aztecs never established themselves that far north. Incredibly, MEChA subsists almost entirely on public monies granted it by the schools where it operates.

Haitian takes U.S. foreign policy to task

Haitian-American Joel Dejean blasted U.S. Haiti policy as "globaloney" in a letter to the *Houston Post*, in response to a cartoon depicting Haitians as practitioners of voodoo. "As a Haitian-American living in this country for 29 years, I was deeply insulted by your racist and condescending political cartoon on the editorial page Oct. 12.

"Haiti does not need or want the U.S. military coming in as an occupying force, to impose your idea of 'democracy.' Aristide is a pawn of the U.S., who supports debt repayments to the IMF and World Bank, and is well-known for 'necklacing' his opponents. He is every bit as evil as Papa Doc Duvalier, another asset of the U.S. government in his day.

"The Haitian military is defending Haiti's national sovereignty. If any military force needs retraining, it is the U.S. military, which goes around committing atrocities in Panama, Iraq, and Somalia in the name of the new world order.

"If you really want to help Haiti, you should call for completely lifting the embargo/blockade and support immediate assistance in building water projects, power stations, rail transportation, hospitals and schools.

"Haiti needs development, not phony democracy and globaloney!"

The editor, apparently missing the point, responded: "In other words, just send a bundle of money, then butt out?"

TV violence is murder on America

"Screen Violence Is Killing Us" is the cover story of the November-December issue of *Harvard Magazine*. The six-page feature documents the phenomenal rise in violence since 1953, making America "one of the most dangerous nations on earth," and pins the blame on television: "There's no question that violence on-screen leads to violence off-screen." Author David Barry comments, "Clearly something has gone horribly wrong. In looking for a root cause, one of the obvious differences in the social and cultural fabric between post-World War II and pre-World War II America is the massive and pervasive exposure of American youth to television."

The article cites a recent study by Ron Slaby of the Harvard Education Development Center; Ed Donnerstein of the University of California School of Communications; and Leonard Eron at the University of Illinois, which examined 30 years of research and concluded that there is a "clear

consensus" that TV violence is associated with anti-social and aggressive behavior. Among the other statistics, the study found that children aged 2 to 11 log an average of 28 hours per week of television viewing, which means they've seen more than 5,000 murders by the end of elementary school.

Virginia Dems gag conservative groups

The Virginia Democratic Party, which ran former Attorney General Mary Sue Terry for governor, managed to secure a temporary restraining order prohibiting two conservative groups from distributing fliers in churches across the state on Oct. 24. The flier, produced by the Family Foundation and Concerned Women for America, is a two-page voter guide that lists the positions of all six Republican and Democratic statewide candidates on issues such as abortion, crime, and taxes. While demurring that "it's totally appropriate for people to put out fliers in church whenever they want," state Democratic chairman Mark R. Warner continued, "what bothered me so much was that they're trying to portray themselves as some sort of nonpartisan League of Women Voters-type group. They were clearly partisan."

Anne B. Kincaid, spokeswoman for the Family Foundation, charged that the Democratic Party was using "Gestapo-like tactics" to silence opponents. "This is the worst of brownshirt censorship by people desperate to hold onto power."

Fairfax County Circuit Judge J. Howe Brown issued the restraining order, ruling that the groups putting out the flier had not registered with the state. However, many of the approximately 1 million fliers have reportedly been distributed to volunteers who are not bound by the injunction.

School funding inequities open door to OBE

A lawsuit in Ohio is expected to produce a ruling soon in a case which challenges the funding method used in that and many other

states to finance public schools. The issue is the inequity which is created by real estate tax assessments being used to finance local districts, the same question which led to similar suits in Kentucky, Michigan, and Texas, and to suits pending in 16 other states. As rural property values collapse and inner city tax revenues dwindle, wealthy suburban schools' relative prosperity has made the funding inequities glaring, prompting education officials to demand statewide assessments.

The effort to establish expenditures per pupil across the board in the states has left the door open for proponents of "outcome-based education," many of whose brainwashing programs are receiving large amounts of corporate funding which makes the programs alluring to cash-strapped education officials. Because of the infiltration of such so-called education reform, the financing reforms are meeting resistance from parents.

In Maryland, a new network called Public Rejection of OBE (PROBE), consisting of statewide parent groups, activists, and concerned citizens, has begun to operate out of Annapolis. In Oregon, parents' opposition forced the Eugene school system to drop its World Core Curriculum, designed by Robert Muller, which had been incorporated into all levels of the city's school system.

Orchestra wins strike by raising culture issue

The six-week strike in Washington, D.C. by the Kennedy Center Opera House Orchestra was settled Oct. 15 in a short-term victory for musicians seeking to preserve the orchestra as a unit ensemble dedicated to classical music. Management, led by Wall Street banker James Wolfensohn, backed off its original demand that the orchestra be disbanded, when the musicians accused him of wanting to end classical culture in Washington.

In provoking the strike, Wolfensohn had intended to stop all performance of Classical music at the Kennedy Center, a national memorial dedicated to presenting

the classics in the nation's capital. "We don't want your orchestra! We don't need your orchestra!" Wolfensohn summed it up earlier in October. He maintained that the American people are too stupid to appreciate the classics, and that classical concerts don't sell tickets.

However, the orchestra won only a two-year contract with the Kennedy Center for the full 67-player tenured orchestra. It simultaneously won a similar, five-year contract with the Washington Opera, acknowledging the orchestra's 67 members as the opera company's ensemble. The contracts freeze wages for two years, and the Kennedy Center contract has a further 15% pay cut in the form of a cut of the ballet season by two weeks.

Spannaus demands end to death penalty

Nancy Spannaus, who ran as an independent candidate for governor of Virginia, held a press conference in Danville, Va. on Oct. 25 with civil rights leaders to demand the death penalty be abolished. Spannaus was joined by prominent figures in the state's Southern Christian Leadership Conference and National Association for the Advancement of Colored People.

Spannaus attacked her Democratic opponent, former state Attorney General Mary Sue Terry, who prosecuted Earl Washington, an innocent retarded man immediately facing the electric chair in Virginia. "Earl Washington's case once again brings to the fore the sharp differences between me and my opponents: Both Mary Sue Terry and George Allen support the death penalty and have made it a campaign issue. 'Bloody Mary,' when she was Attorney General, opposed all of Earl Washington's appeals on the sole grounds that the clear evidence of his innocence didn't make it to court within 21 days of his sentencing. In Washington's case, DNA evidence was available which proved that he could have not been the rapist and murderer—yet that evidence was never introduced into court by his attorney, who is now a state judge. . . . Terry has consistently put procedure—even if it means executing innocent people—above justice."

Briefly

● **NASHVILLE**, Tennessee's City Council formally voted to hold a two-hour public hearing on the resolution to demand the removal of the statue of Ku Klux Klan founder Albert Pike from Judiciary Square in Washington, D.C. The hearing on the resolution, which was introduced by City Councilman Kwame Leo Lillard, has been set for Nov. 11.

● **THE GIRL SCOUT PLEDGE** of Honor to "serve God" was changed to "serve" at the organization's national convention in Minneapolis last month.

● **FOUR FORMER ATTORNEYS** General defended *habeas corpus* in a commentary in the *Washington Post* on Oct. 24. Benjamin Civiletti, Nicholas Katzenbach, Edward Levi, and Elliot Richardson wrote that, while prisoners often abuse the law by filing repetitive *habeas corpus* appeals, it is possible to streamline procedures without taking the direction of recent Supreme Court decisions that practically close the door to all prisoner appeals.

● **AN EXECUTION** date has been set for Karla Faye Tucker in Texas for Nov. 19. If Tucker is killed, she will be the second woman executed in the United States since the death penalty was reinstated in 1976. Tucker, who has refused to give press interviews because of the pain it might cause the families of the murder victims, is one of four women on Texas's death row.

● **THE UNITED STATES** will respect Russia's sphere of influence, five former U.S. secretaries of defense agreed, according to the German daily *Frankfurter Rundschau* of Oct. 25. Harold Brown, Richard Cheney, Frank Carlucci, Donald Rumsfeld, and James Schlesinger, at a forum in Washington, "specially advised against any U.S. military involvement in Bosnia or on the territory of the former Soviet Union," the paper reported.

Editorial

Austerity will no longer sell

Canadian voters dealt an overwhelming defeat to the ruling Progressive Conservative party on Oct. 25. This should be taken seriously as a harbinger of things to come.

Among other things, the victory of Jean Chrétien has definitely put the North American Free Trade Agreement (NAFTA) up for grabs. His first public statement after the landslide vote for his Liberal Party was registered, was to reiterate his intention to renegotiate the treaty, and also to defend existing Canadian subsidies to energy producers.

These moves will certainly make things harder for Bill Clinton, who has trouble enough trying to shove NAFTA down the throats of American lawmakers; but it also signals a changed climate in Canada. It appears that austerity will no longer sell.

Like Clinton, the Liberals had campaigned on a slogan of economic growth which included a \$4.5 billion public works job-creation program. To what extent they will carry through on that remains to be seen, but it is clear that the mood rejecting austerity which swept the Canadian population, just as it did Clinton voters last year, is not limited to North America—where revolt simmers also in Mexico. Around the world, we are seeing social explosions under conditions of worldwide economic collapse.

Consider Canada against the backdrop of the French government's backdown in the face of resistance by airline workers and others to announced government austerity moves against them and the French aerospace industry as a whole.

The strike at Air France virtually shut down air traffic in that country for more than a week. It enlisted wide-ranging support throughout the population, particularly from the farm sector. Was the smell of 1968 in the air? Even the suspicion of this was apparently so frightening to President François Mitterrand that he has changed course abruptly, giving in to the workers and declaring himself to be an opponent of unlimited free trade and International Monetary Fund-mandated austerity measures.

During an Oct. 25 television interview, Mitterrand

said that free trade was fine up to a point, but that open markets often meant injustice and an American "diktat." The Socialist politician recalled that he was never enthusiastic about privatizing state enterprises, especially those industries such as aerospace, which involve national prestige: "Why," he asked with much justification, "should private, even foreign capital profit from the best of France?"

No doubt this change of heart by Mitterrand was influenced by the appearance, alongside the posters supporting the airline employees, of signs denouncing the General Agreement on Tariffs and Trade (GATT) and attacking other moves against farm subsidies.

Nor will the mood of revolt give any joy to the heartily disliked government of Prime Minister John Major in Britain. On the Oct. 27, the London *Times* reported on the French strike with obvious unease. Commenting on the fact that the strike is part of a broader rallying of the French population in support of state-owned industries, the *Times* attempted to ridicule those remnants of Gaullism that persist. As correspondent Charles Bremmer put it, the French public is "far from convinced that it should abandon the formula which has worked well since Jean-Baptiste Colbert shaped the dirigist doctrine, up to the 1960s. Those were the years when industrial planning and a welfare state helped make President de Gaulle's Fifth Republic so prosperous that it was dubbed 'a Soviet Union that works.'"

The popular discontent is also being mirrored in policy discord now surfacing over the handling of the Russian crisis. At issue is growing recognition that IMF shock therapy methods are backfiring and catapulting Russia back into a military dictatorship.

It is time for a drastic change; but a populist mood can be dangerous if ignorant people are led to embrace radical fascist solutions out of desperation. The London *Times* fears a return to Gaullism in France, but the truth is that the only leader today who represents the real tradition of Gaullism is the American Lyndon LaRouche. It is LaRouche's solutions which must become hegemonic if this window of opportunity is not to be slammed shut.

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DISTRICT OF COLUMBIA

■ WASHINGTON—DCTV Ch. 25
Sundays—12 Noon

FLORIDA

■ PASCO COUNTY—TCI Ch. 31
Tuesdays—8:30 p.m.

GEORGIA

■ ATLANTA—People TV Ch. 12
Fridays—1:30 p.m.

IDAHO

■ MOSCOW—CableVision Ch. 37
Wednesdays—7 p.m.

ILLINOIS

■ CHICAGO—CAN Ch. 21
Mon., Nov. 29—10 p.m.
■ QUAD CITIES—Cox Ch. 4
Mondays—9:30 p.m.

INDIANA

■ SOUTH BEND—TCI Ch. 31
Thursdays—10 p.m.

MARYLAND

■ BALTIMORE—BCAC Ch. 42
Tuesdays—10 p.m.,
■ MONTGOMERY—MCTV Ch. 49
Tues.—11 p.m., Thurs.—2:30 p.m.
■ WESTMINSTER—CCTV Ch. 19
Tuesdays—3 p.m.

MICHIGAN

■ CENTERLINE—
MacLean-Hunter Ch. 34
Tuesdays—7:30 p.m.
■ TRENTON—TCI Ch. 44
Wednesdays—2:30 p.m.

MINNESOTA

■ MINNEAPOLIS—Paragon Ch. 32
EIR World News, Sats.—9:30 p.m.
■ ST. PAUL—Access Ch. 33
EIR World News, Mons.—8 p.m.

NEW JERSEY

■ STATEWIDE—CTN
Mondays—2 a.m.

NEW YORK

■ BRONX—BronxNet Ch. 67
Saturdays—6 pm
■ BROOKHAVEN—TCI
1 Flash or Ch. 99
Thursdays—1:30 p.m.
■ BROOKLYN—
Time-Warner B/Q Cable Ch. 34
CableVision of NYC Ch. 67
Wednesdays—11:30 p.m.
■ BUFFALO—BCAM Ch. 18
Mondays—6 p.m.
■ HUDSON VALLEY—
U.S. CableVision Ch. 6
2nd Sunday monthly—2 p.m.
■ MANHATTAN—MNN Ch. 69
Saturdays—12 Noon
■ ROCHESTER—GRC Ch. 15
Fridays—10:30 p.m.
Sundays—7 p.m.
■ STATEN ISL.—SICTV Ch. 24
Wednesdays—11 p.m.
Saturdays—8 a.m.
■ SUFFOLK—CableVision Ch. 25
2nd & 4th Mondays—10 p.m.
■ WESTCHESTER—Access Ch. 18
Fridays—6 p.m.

OREGON

■ PORTLAND—Access
Tuesdays—9 p.m. (Ch. 27)
Fridays—4 p.m. (Ch. 33)

PENNSYLVANIA

■ PITTSBURGH—PCTV Ch. 21
Mondays—7 p.m.

TEXAS

■ HOUSTON—PAC
The LaRouche Connection
Mondays—4:30 p.m.
Mon., Nov. 15—6 p.m.
Mon., Nov. 22—6 p.m.
America 2000?
Thurs., Nov. 11—5 p.m.
Fri., Nov. 12—4:30 p.m.
Sun., Nov. 14—6 p.m.
Clinton's Crisis
Thurs., Nov. 18—4 p.m.
Fri., Nov. 19—4:30 p.m.

VIRGINIA

■ ARLINGTON—ACT Ch. 33
Sundays—1 p.m.
Mondays—6:30 p.m.
Wednesdays—12 Noon
■ CHESTERFIELD—Storer Ch. 6
The Schiller Institute Show
Tuesdays—9 a.m.
■ FAIRFAX—FCAC Ch. 10
Tuesdays—12 Noon
Thursdays—7 p.m.
Saturdays—10 a.m.
■ LEESBURG—CableVision Ch. 6
Mondays—7 p.m.
■ RICHMOND/HENRICO—
Continental Cable Ch. 38
The Schiller Institute Show
Tuesdays—6:30 p.m.

WASHINGTON

■ SEATTLE—Access Ch. 29
Saturdays—1 p.m. (thru Dec.)
■ SPOKANE—Cox Ch. 20
Norplant: Freedom or Genocide?
Sat., Nov. 13—2 p.m.

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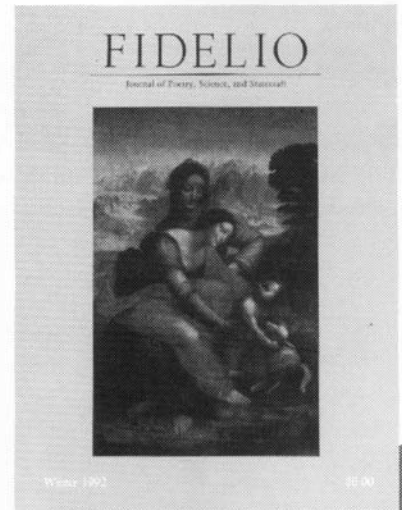
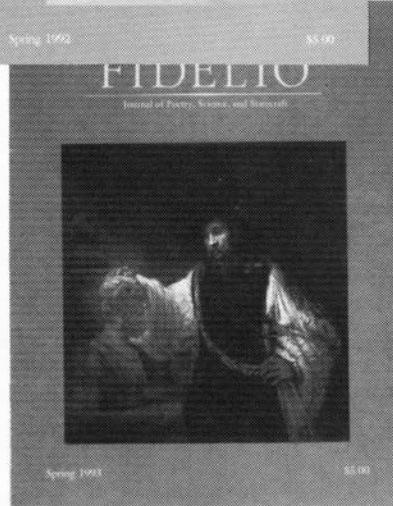
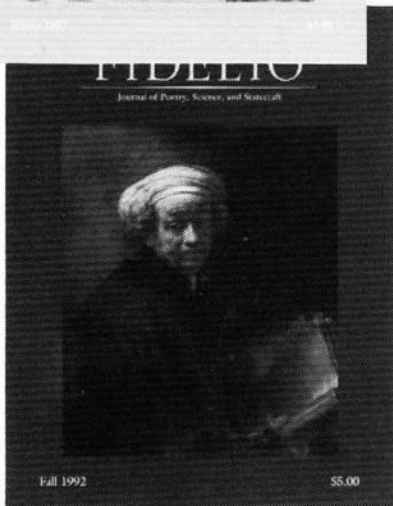
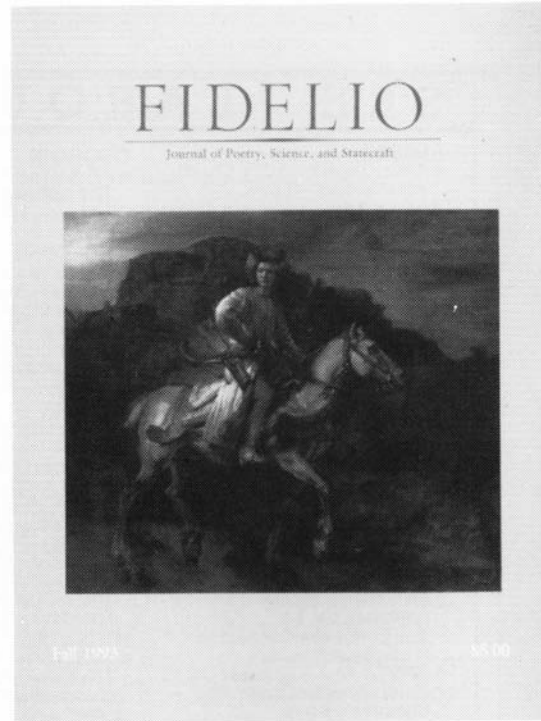
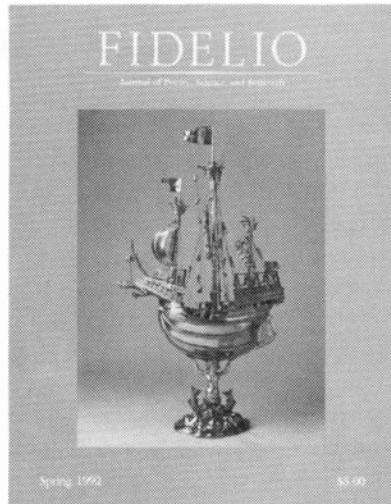
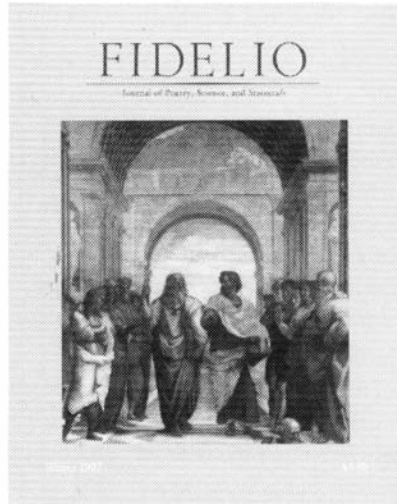
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